The Credit World

(Official Publication of the National Retail Credit Association)

Only Magazine Devoted Exclusively to Retail Credit

February, 1936 — Vol. XXIV, No. 5

THE BRIDGE THAT WILL CONNECT TWO GREAT CREDIT ASSOCIATIONS

Night view of the suspension bridge catwalk over the west half of the $77,600,000 San Francisco-Oakland Bay Bridge, which will form another connecting link between San Francisco and Oakland.

—Photo Courtesy California Toll Bridge Authority

San Francisco Nocturne—First Stage of the San Francisco-Oakland Bay Bridge

The CREDIT WORLD

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EDITORIAL COMMENT

By L. S. CROWDER

Credit Granters: *Consider the Consequences!*

FOR more than twenty-three years this Association has endeavored to educate *not only the consumer but also the retailer* in sound credit practices and the importance of bills being paid *not later than the tenth of the month following purchase.*

Much has been accomplished in this connection but—*danger lies ahead in the growing tendency to sell credit terms* instead of confining competition to merchandise and service.

This applies not only to merchandise having a repossession value but on other types as well, and will ultimately result in monthly charge account terms being extended to longer periods.

The policy will be felt in mounting receivables, increased Credit Office expenses, and a breakdown in credit terms: It will prove difficult to confine charge accounts to reasonably prompt terms and deferred payment accounts to the former sane policy of twelve to eighteen months—instead of the highly advertised "No Down Payment—Three Years to Pay"—which is unfair to the retailer and to the customer.

While in some instances carrying charges are added if terms exceed sixty (and at the outside ninety) days—retailers of one city visited on my present trip admit charging only 4 per cent on the unpaid balance (twelve months). Furthermore, this charge, which is not sufficient to cover interest on the time granted (and extra handling expense), is waived if the account is paid in full within six months!

As is always the case, when there is competition in credit terms, *only the customer benefits.* There may be a slight advantage in increased volume for the retailer who "lets down the bars," but it is only temporary, inasmuch as others soon offer the same or—as has happened in the past—more liberal terms.

The practice is gaining dangerous proportions and a halt should be called. Credit executives should take the initiative in curbing "wild" terms which result in an over-extension of credit and the acceptance of unprofitable business. Officers of local associations are urged to appoint committees for the purpose of formulating *sane* credit policies and terms which shall be recommended to the store managements for adoption.

While terms and policies may vary slightly in different localities *they should be uniform in each city:* A carrying charge of ½ of 1 per cent should be added to monthly accounts not paid within sixty days (at the outside ninety days) following purchase—to be computed from due date. The carrying charge on deferred payment accounts should be at least ½ of 1 per cent per month on the unpaid balance and the lowest charge should be 5 per cent (twelve months) on such merchandise as is offered under the FHA plan.

In every case an effort should be made to obtain a down payment.

Terms on "soft" lines (apparel, etc.) should be limited to four and not to exceed six months with a down payment of 20 per cent or more required. The carrying charge should be added and subsequently credited if the *average time* does not exceed sixty days.

Unless retailers adopt sound credit policies and terms, collection percentages will decrease and expenses and bad debt losses will increase. Furthermore, the buying power of the public will diminish as *long terms and liberal credit eventually affect volume.* If you do not agree with me in this statement, analyze your accounts and you will find that *your prompt paying customers are more liberal buyers.*

Act now to correct unsound credit policies and abuses!

Omaha Making Elaborate Plans for a Big National Convention

THE Omaha Convention Committees are working diligently, putting the finishing touches on their plans for the handling of the National Convention in June. They anticipate a big attendance; as a matter of fact, they are hoping to set a record.

Furthermore, they plan to do everything possible to achieve a record-breaking crowd. A publicity program is being planned to bring the Convention to the attention of all the credit granters of the Middle West as well as all the members of the National Association in the United States and Canada.

Plan now to attend! The National Office is preparing a program that you cannot afford to miss!

'709 *New* Accounts From a "Letter of Credit" Contest

By F. J. FITZPATRICK
Manager of Credit Sales, Kresge Department Store, Newark, N. J.

WE HAVE been using the "Letter of Credit" for some time, having been among the first to adopt it. Recently, however, we conducted a "Co-Workers' Contest" among our store employees, to develop accounts of this type. As a result, 709 new accounts were opened—at a cost of 74c each—developing new business to date of approximately $30,000.

One week prior to the opening of the co-workers' "Letter of Credit" new accounts campaign, the approved plan (with all paraphernalia) was issued to designated group captains. These leaders were instructed to inform each individual under their supervision of the coming contest and arrange for meetings of their respective departments.

From a solicitation angle, a "Letter of Credit" account, which requires a down payment, obviously is far more difficult to obtain than a charge account, especially during a restricted time period.

A careful pre-analysis of possible deterrent conditions due to the type of account being solicited, resulted in the following policy of procedure and management:

The contest manager conducted brief, small group meetings every morning and evening during the campaign. This was deemed preferable to holding mass meetings for the reason that it stimulated store spirit to a greater degree, closer attention was given and it provided an opportunity for the asking and answering of questions.

In addition, many hours of the working day were spent by the contest manager interviewing individual co-workers when conditions permitted. In this manner, each and every section, group or department, and the individuals throughout the entire organization, (executives and credit office employees included) were given "Pep" and instruction talks at least three times.

The constant plea was made that each co-worker obtain at least one prospect. Being mindful that no solicitation was permitted in the store, it was only natural that many people were reluctant to personally bother their relatives, friends and acquaintances. To overcome this obstacle, a point of suggested endeavor which proved extremely successful was the submission of the names of neighborhood merchants with whom the co-worker dealt, such as his druggist, confectioner, grocer, etc. *Figure 1,* in conjunction with *Figure 2,* accompanied by a special letter of solicitation (*Figure 8*) produced remarkable results.

One of the important factors in keeping up the spirit of the promotion was the prompt weekly payment of fifty cents per accepted account and ten cents to the captain for every account obtained in his or her group.

A gesture of good fellowship closed the campaign. Two weeks after the contest ended, the general manager of the store, at the suggestion of the contest manager, sent invitations to the three prize winners and to all co-workers who had obtained ten or more accounts, to join him in a "get-together" breakfast held in the dining room. At this gathering the prizes were presented to the winners.

Contest results are as follows: Six thousand (6,000) names of prospects were submitted which will be solicited in the spring. Seven hundred and nine (709) new accounts—averaging $42.20—were obtained at a cost of 74c per account. Not reckoning repeat, "add-on" business, or the accounts opened after the contest closed, new business approximated $30,000.

Forms and Procedure

Figure 1 is the card supplied co-workers to report prospects. *Figure 2* is the special application blank (self-mailer) used in the campaign—and *Figure 8* is the account solicitation letter mentioned above.

Figure 3 shows the "Credit Letter"—the medium of authorization and identification of the account and also the control of the account. (*Figure 4* is the envelope container furnished for the customer's convenience.

Figure 5 reproduces the front page of a four-page folder explaining (in question-and-answer form) the details and advantages as well as the terms of the "Letter of Credit account."

Figure 6 is a sample payment coupon from the Allison coupon book. Each time a payment is made, one of these coupons is used.

Figure 7 shows the combination credit history (collection) card and regular application. (Application form on reverse side.)

Our terms are: 20 per cent down (of any given amount), plus a carrying charge of ½ of 1 per cent a month on the unpaid balance. Payment in 5 monthly installments is required.

An approved Letter of Credit will have a number, date of issue, the name and address of the customer, the signatures of those authorized to use the account, the amount of credit extended and the signature of a credit manager.

Only persons whose signatures appear on the Letter of Credit are permitted to buy. All others wishing to purchase on it must be referred to the Credit Office.

When a customer presents a Letter of Credit in purchasing, the transaction is handled as in a charge sale with the exception that the salescheck is marked with the account number in the "Amount Received" space. The Letter of Credit is presented by the customer to the salesclerk, who writes on the back, in the spaces indicated, the department, sales number and the amount of sale.

The Division Superintendent is called to deduct the amount of purchase from the total of credit allowed and must compare the customer's signature on the Letter of Credit with that on the salescheck to see that it corresponds. Merchandise credits are added to the balance, by authorized Service Desk clerks.

A customer presenting a Letter of Credit on which the balance is not large enough to cover the amount of purchase must be referred to the Credit Office.

No telephone orders are taken on the Letter of Credit, as each purchase must be deducted at the time it is made.

The National Cash Register System of posting may be used if desired. We use the National Bookkeeping Machines, with a continuous ledger card. We render no bill unless particularly requested by the customer, because all purchases are itemized on the Letter of Credit.

APPLICATION FOR

Letter of Credit

(2)

Newark, N. J.________________1935.

Name ________________ Wife's Name ________________

Res. ________________ How Long ________________

________________ Res. Phone ________________

Former Add. ________________

Firm Name ________________ Phone ________________

Address ________________

Occupation ________________ How Long ________________

Bank (If Any) ________________ ☐ CHECKING ☐ SAVINGS

Property (If Any) ________________

Income ________________ WEEKLY $ MONTHLY $

Have Accounts With ________________

Personal References ________________

Recommended by ________________

I certify to the truth of the above statements made for the purpose of obtaining goods on the LETTER OF CREDIT plan.

Signature ________________

NO ENVELOPE OR STAMP IS NECESSARY

FOLD AND SEAL AND HAND TO ANY EMPLOYEE, OR IT CAN BE MAILED IF YOU PREFER.

LETTER OF CREDIT SOLICITATION

(1)

NAME ________________ DATE ________

ADDRESS ________________

CO-WORKERS NAME ________________

DEPT. NUMBER ________________

SEND TO CREDIT SALES PROMOTION DEPT. 7th FLOOR

(4)

Letter of Credit with KRESGE DEPARTMENT STORE

NEW JERSEY'S FASTEST GROWING STORE

Kresge Department Store

Letter of Credit

(3)

No.________ Newark, N. J.________19___

To Representatives of Kresge Department Store:

We are pleased to introduce to you, and to commend to your courtesies:

____

in whose favor we have opened a credit of $________ which will be honored at sight by Kresge Department Store for purchases to that amount at

Kresge Department Store

for a period of thirty days from date of issue.

The amount of each purchase must be entered on this Letter by the salesperson, and such entry will constitute the customer's acceptance of liability for the purchases noted.

At the time of making each purchase, chargeable to this Letter of Credit, this Letter must be presented.

Signature of Customer KRESGE DEPARTMENT STORE

Vice-Pres. & Gen. Manager.

(5)

A

New Service

for Kresge

Customers

A

LETTER

OF

CREDIT

To make your Shopping here:

- QUICKER
- PLEASANTER
- EASIER

(6)

PAYMENT NO. 1

KEEP YOUR RECORD OF PAYMENTS BY MAIL ON THIS STUB. PAYMENTS MADE IN PERSON WILL BE RECEIPTED BELOW.

DATE

AMOUNT $

CASHIER

PAYMENT NO. 1 | LC | ACCOUNT NO.

SEND THIS COUPON WITH PAYMENT TO KRESGE DEPARTMENT STORE NEWARK, N. J.

AMT. OF PAYMENT $

NAME

ADDRESS

CITY

THIS PAYMENT DUE

STATE

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

(7)

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

NAME ADDRESS

1935	1936	1937
F	F	F
M	M	M
A	A	A
M	M	M
J	J	J
J	J	J
A	A	A
S	S	S
O	O	O
N	N	N
D	D	D
J	J	J

(8)

KRESGE DEPARTMENT STORE

NEWARK, NEW JERSEY

At the suggestion of Mr. Christopher Carlson of our Men's Clothing Department we are delighted in offering the courtesy of a Kresge "Letter of Credit".

As an organization planned for personal service, keen and eager to place at your disposal the very finest of seasonable merchandise, we believe it equally important to provide a dignified form of deferred payment.

We feel confident that you will find this service a real convenience, which will make your shopping trips more pleasant and interesting.

The enclosed circular explains in detail the simplicity with which a "Letter of Credit" may be procured.

Very cordially yours
KRESGE DEPARTMENT STORE

A. Schindel
Vice-President and
General Manager

"NEW JERSEY'S FASTEST GROWING STORE"

Installment and Deferred-Payment Selling

By SIDNEY R. BAER*
Vice-President and Treasurer, Stix, Baer & Fuller, Saint Louis

THE nation today is undergoing a tremendous evolution and a far-reaching transition, the result of which (in most of its aspects) is not as yet evident to us, for we are too close to the kaleidoscopic happenings to be able to judge them with any degree of a balanced perspective. Time alone will develop for us this perspective and the full realization that everyone in the land is being affected by these marked changes of both our social and economic life, and that every business and every industry will feel the effect of these changes.

Civilization marches on, and social progress is an ever present evidence of this fact. The men in high places are fully conscious today of the necessity for a more abundant life, as President Roosevelt has expressed it, and a greater happiness and contentment of all the people—if the ideals and benefits of democracy are to be perpetuated for future generations.

The leaders of industry, business and finance today recognize among other things that the only way the tremendous productive capacity of America can be absorbed and unemployment minimized, which, of course, will affect vitally the excessive expenditures of the Federal Government (which, as you know, is spending about two dollars for every dollar of income), is to spread purchasing power much more widely among all the people of the country. Economists and business men and industrial leaders now seem to accept the theory that we do not need to fear overproduction as a result of the mechanization of industry, but rather underconsumption.

The General Motors Corporation, which in my estimation is one of the outstanding industrial organizations of the world, has taken the lead in the acceptance of this theory in the operation of its business. First of all, it pays high wages to its labor. It has increased the output of its product, but at the same time has consistently followed the theory of lowering the unit price, in order that its product might appeal to the masses.

Through the development of its deferred payment plan of selling, the General Motors Corporation, together with many of its competitors has, in addition, made it easy for those interested in purchasing its output to do so.

It has been through this vehicle of deferred payments, rather than through cutting of prices, that the automobile industry, generally, has stimulated its volume. About 60 per cent of all new car sales during the past several years has been made on the installment plan, according to figures compiled by the National Association of Sales Finance Companies and the National Automobile Dealers' Association.

There was a time in the automobile industry when price cutting, accomplished by excessive allowances on trade-in of old cars, was the stimulus for procuring volume, a practice that was carried to excess—to an unprofitable excess. The liberal deferred payment plan of selling is the result of the aggravation of the used-car problem, long a bugbear to the industry.

Another reason for the utilization of this method of salesmanship may be illustrated in the fact that only 8 out of 100 persons gainfully employed enjoy enough net income to require the filing of a Federal income tax return ($1,000 a year for a single person and $2,500 a year for a head of the family) and it is, therefore, evident that the mass sales of the industry must depend on reaching purchasers of modest income.

It seems to me that it will not be unwise to anticipate that there is a possibility that installment selling might also be carried to an extreme, which might make this method of promotion unprofitable; and this thought is applicable not only to the automobile industry, but also to all phases of retailing.

The acceptance of the deferred payment plan in the selling of merchandise is being more and more generally adopted throughout the country by the retailer, and the sale of commodities and merchandise of a widely diversified character has, of course, been stimulated thereby to a great extent. It appears that—during the depression—credit losses, the result of this policy of selling, were not excessive, at least in institutions and business organizations where the extension of this type of credit has been intelligently and conservatively handled; and this fact is being continuously advanced as an argument for the liberalization of the practice.

In recent months this type of credit is being utilized in some department stores (that is in the field in which you gentlemen are primarily interested), in the selling of so-called "soft merchandise." This is a rather radical departure from the credit policies under which department stores and retailers in general have operated in the past.

It is not my purpose to express any opinion upon the economic soundness or unsoundness of this practice, for the reason (to be very frank), I have not made up my mind as yet as to just how far the theory of installment or deferred payment selling should go. There is unquestionably a point of saturation, however, beyond which it is unsound to go. Whether the selling of "soft" merchandise on the deferred payment plan is within the safety zone or beyond the safety zone is a large subject which merits serious consideration and intensive study.

Every business institution, of course, wants to get all of the volume of business available and, as I mentioned before, the utilization of the selling of commodities and merchandise on credit, and more particularly on this de-

*An address before the Seventh District Conference, Hot Springs, Ark., January 19-21, 1936.

ferred payment plan of credit, stimulates volume. No sound business institution, however, wishes to build up volume except on a sound basis, for if such a volume is developed through the utilization of unsound practices of business promotion, subsequent losses nullify the justification of such practice.

I have always maintained that the managements of large department stores must rely upon their credit managers to a greater extent than on almost any other executive in their organizations. I made this statement before a meeting of your National Organization in session at Kansas City many years ago, in a paper I presented at that meeting. If this statement was so then, it is particularly true today when the vehicle of credit is being utilized on such a wide scale, and not only by our own business competitors but by the Federal Government itself, whose competition we cannot consistently ignore.

As credit managers, your responsibility to your managements is a dual one. You must recognize that the vehicle of credit is a potential force in the stimulating of business and, accordingly, you must be promotional-minded.

At the same time you must also function as bankers, with a full recognition that merchandise, or possibly I should say business volume, which is not obtained on a sound basis of credit extension will ultimately reflect itself in frozen assets and uncollectible accounts in the balance sheet, to be charged off out of profits. Many business managements do not realize the truth of this statement and do not recognize soon enough the insidious creeping into the balance sheet of the results of unsound financing, in which field of business management the extension of credit is an important contributing factor.

Where the line of demarcation (which separates these two extremes) exists in the conduct of credit selling is not easy of determination, but it is, nevertheless, a responsibility which rests upon your shoulders to find out. I commend this thought to you for your deliberation and your discussions. I do not know of any more important problem presenting itself today than this one, and as a member of the management of a large institution, I know that managements in general are looking to you to help us crystallize our opinion in this connection, and assist us in formulating the credit policies under which our respective institutions will function in the years ahead.

Credit men have many problems—the least of which is not the determination of credit policy. The merchandizing organization continuously brings pressure to bear upon you to stimulate its business by liberalizing your terms; the financial branch of the management is ever emphasizing the necessity for maintaining, and correctly so, a liquid accounts receivable.

Between these two fires, a credit man must not only have knowledge and conviction, but great strength of character, in order to withstand the continuous pressure of the organization with its many viewpoints. It is at such gatherings as this that are forged the principles which should guide you in the future; and knowing what I do about the accomplishments of your Association over a period of many years, *I am satisfied that those of us connected with the managements of both large or small institutions may feel fully justified in putting our faith in the conclusions to which your deliberations may lead you.*

Prompt Collections Begin With Proper Credit Methods

By C. A. BRANDES
Credit Manager, The M. O'Neil Co., Akron, Ohio

CREDIT is extended by each of us liberally—yes, in many cases too liberally—and in such cases collection work plays a big part. While collection of accounts due has always been one of the most important parts of retail business, it has become more important during the past five years. I am happy to say for our institution (and I believe Akron as a whole) we have educated our customers to pay far more promptly than ever before and when "old man depression" is gone, if we credit folks don't let down, we will reap the harvest of our educational work.

Were we able to control our accounts to the point of exacting our pay in thirty days we would need no collection departments or letters, but so long as we grant credit we will need these branches of our work.

The first weakness encountered, therefore, is our apparent failure to have the matter of terms firmly established; in fact, we should go to the trouble to "sell" terms of sale with the merchandise. The buyer should be obligated to carry out his agreement to settle the account at or about the maturity date. Therefore, in our organization, *we definitely discuss terms* not only on regular accounts but on installment accounts as well and confirm these terms in our *new account letter* (*Figure 1*) describing when we expect settlement. An account properly opened is half collected!

On accounts already on our books we watch charge authorizations closely and when "Mrs. Soandso" buys a coat, furs, furniture, radio, etc., we have no hesitancy in contacting our customer to determine if it is her desire to pay in thirty or sixty days. Should any longer time be required we insist it be placed on our installment ledgers, impressing upon the customer that longer time would only tend to tear down her prompt-pay habit, "which we zealously guard for each of our customers." By so doing we are slowly but eventually educating our customers. Next, it helps to build up our contract collection percentages (and those of our regular accounts as well).

Further, when we find an account which has unfortunately piled up we get our customer in, regardless of who he is or what his responsibility, discuss with him the hazard of meeting his obligation on the installment basis, accept a note for the account (bearing interest), and impress upon him that any future purchases must be paid in thirty days. In this way, customers are actually borrowing from us as a banker and not as a merchant, clearing their thirty-day accounts, and, where the responsibility is sound, we reestablish a prompt-pay customer.

We now reach collection letters. I don't know a new wrinkle that you haven't used.

A collection letter, of necessity, must be a sales letter, obviously written to sell our customers the idea of paying promptly; therefore, all of our first letters or statements should call attention to our terms and ask cooperation on their part. (*See Figure 2.*) Ohio State University's economist cites five appeals most commonly used: Sympathy—Pride—Justice—Self-Interest—Fear.

The psychological time to approach the debtor is immediately after your due date has passed. He still has full recollection that the bill is due, and of having received full value in his purchase and no doubt is at that moment enjoying the purchase.

If the account is allowed to run overdue it is correspondingly more difficult to collect without giving offense. The longer it is permitted to run, the more are the imaginary complaints a debtor can devise, the more hazy the recollection of full value and the more apt he is to feel he is paying for a dead horse.

Many collection men, as do we, use statements as their first approach, following with a series of collection letters. We use many forms of approach. Variety is the spice of life and once you repeat in your follow-up, it's effectiveness is lost.

Any series must be changed from time to time.

Severity in the early stages of collection should be avoided; however, on new accounts your follow-up must be consistent and persistent and in many cases we have already reached the severity of using bureau letters by the time the account is 90 to 120 days old.

In advocating a close follow-up, it must be remembered, courteous methods must be used. You can be courteous and tactful and yet master of any situation that may arise. You can and should be firm, diplomatic, forceful, insistent, masterful, and with it all remain 100 per cent human.

A debtor who is tardy with one store is usually tardy with others and as we have no idea what letters others are sending out we must measure our customer.

If he had poor ratings or was a customer formerly slow it is senseless to write that he has apparently overlooked our bill. He knows we are going to send him a series of letters before getting serious.

A good collection man must be a student of Practical Psychology and, as applied, your knowledge of human nature will increase and while each case presents a new problem yet the general rules can be applied with effect. You will find human nature responds readily to suggestion. By their failure to respond either by check or excuse you can measure and classify your customers.

Many stores do not dun a customer who sends in a partial payment yet unless the payment brings the account down to a sixty-day basis, whether a large or small

account, we acknowledge that payment, call attention to our terms and ask for adherence to these terms.

From 50 to 60 per cent of your collection accounts when paid up are charged upon in thirty to sixty days, therefore it behooves you to get your accounts paid so that they will trade with you again.

You and I would pay well for a set of letters that would collect our suspense accounts and therefore, I have intentionally omitted that class and am ashamed to admit our percentage on that class; yet like all past due accounts we cover them every fifteen days.

We do considerable collection work while authorizing. Of course, many of you don't have the troubles experienced by department stores where charges are added daily to accounts and, therefore, cannot sympathize with us or appreciate this angle.

When charges are received on accounts which have already reached their limit or are past due, charges are delayed and we contact with our customer to arrange for this additional purchase and the account already owing. Small charges are usually O.K.'d and the customer written that we are doing so but expect a remittance for the past due account.

Much and very effective work is done in our Collection Department by telephone with a confirming letter following.

I don't believe in reaching the collection stages of sending threatening letters, special deliveries, telegrams, etc., unless you really intend to carry out your threat to refer the account to the Credit Bureau or your attorney.

Crowder Addresses Fort Worth Meeting

On January 15, the Fort Worth Retail Credit Men's Association was honored with the presence of L. S. Crowder, General Manager-Treasurer of the National Retail Credit Association. Approximately one hundred credit executives enjoyed Mr. Crowder's characteristic speech.

He was presented with a pair of "long horns" from a Texas long-horn steer. On the mounting appeared the following inscription, "From the Fort Worth Retail Credit Men's Association to Mr. L. S. Crowder."

Mr. Crowder was introduced by a lifelong friend, Mr. Carl Wollner, President of the Panther Oil and Grease Company, this city. Mr. Wollner also made an appropriate presentation of the horns to Mr. Crowder.

We were happy to have Mr. Crowder with us, and hope he returns soon.—*E. G. Graves.*

Death of Mrs. C. P. Younts

Mrs. C. P. Younts, wife of C. P. Younts, who is Credit Manager of the Frank T. Budge Company, Miami, Fla., and President of the Third District of the National Retail Credit Association, died January 25 in a Miami hospital. Mrs. Younts was taken ill on December 31, and had been in the hospital since January 2, with seven doctors in attendance. We of the National Office extend our deepest condolences to Mr. Younts in his bereavement.

THE M. O'NEIL COMPANY
Main, State and Center
AKRON

Department of Accounts | BLackstone 1191

①

Like making new friends, there's a real satisfaction in adding the name of a new customer to our ledgers.

With genuine pleasure we welcome you as a charge customer at O'Neil's. It is the hope that this may be but the beginning of a long and pleasant relationship.

You are cordially invited to make yourself thoroughly at home while shopping, and use all of our store's facilities.

A statement covering all purchases up to and including the twenty-fourth of each month, when we close our books, will be sent you shortly after the twenty-fourth and will be due and payable by the fifteenth of the month following purchase.

Any suggestions you may have to offer at any time relative to our merchandise or service will be gratefully received.

Yours very truly

C. A. Brandes
Credit Manager

THE M. O'NEIL COMPANY
Main, State and Center
AKRON

Department of Accounts | BLackstone 1191

②

Days slip by so fast it is hard to realize it is time to send a remittance for your account.

We understand how easy it is to overlook an account, and our reminder is sent with hesitancy. Our terms, however, are based on local credit policy, providing that accounts be rendered on the first and payable by the fifteenth of month following purchase and feel sure that you will not mind this friendly reminder.

Your consideration at this time will be appreciated.

Yours very truly

Credit Department

December Trends -- A Fast-Reading Review

...A nation-wide cross section of facts and opinions on retail collections and credit sales for December, 1935, as compared with December, 1934, compiled by Research Division -- National Retail Credit Association...

WHILE many cities enjoyed an excellent Christmas business during December, the average increase in collections and credit sales for all cities over last year was not as great as the year before.

High-Lights for December

100 Cities reporting.
22,644 Retail stores represented.

COLLECTIONS

75 Cities reported increases.
7.2% Was the average increase for all cities.
45.0% Was the greatest increase (Pampa, Texas).
5 Cities reported no change.
20 Cities reported decreases.
20.0% Was the greatest decrease (El Centro, Calif.).

CREDIT SALES

95 Cities reported increases.
13.3% Was the average increase for all cities.
50.0% Was the greatest increase (Fort Lauderdale, Fla. and Pampa, Tex.).
2 Cities reported no change.
3 Cities reported decreases.
5.0% Was the greatest decrease (Rapid City, S. D.).

Improved working conditions in Augusta, Me., resulted in an increase of 5 per cent in collections. After a slow start during the early part of December, credit sales increased 5 per cent due to Christmas buying. Credit sales in Lewiston, Me., increased 2.5 per cent over last year—attributed to increased activity in the mills and shoe factories. Collections in Manchester, N. H., were 10 per cent below December last year because the textile industry has been closed for several months; however, shoe and other industries are operating above 1934 levels. Additional pay rolls in these lines, plus Christmas club payments, provided satisfactory holiday buying.

Collections in the New York and Pennsylvania area ranged from an increase of 20 per cent in Chester, Pa., to a decrease of 5 per cent in Reading, Pa. Chester reported employment conditions better "and everyone seems to have a more hopeful attitude for the future," while in Reading there was fear that government and state relief would be discontinued at an early date. Credit sales were good in all cities reporting in the area—Chester reporting credit sales the best in the past three years.

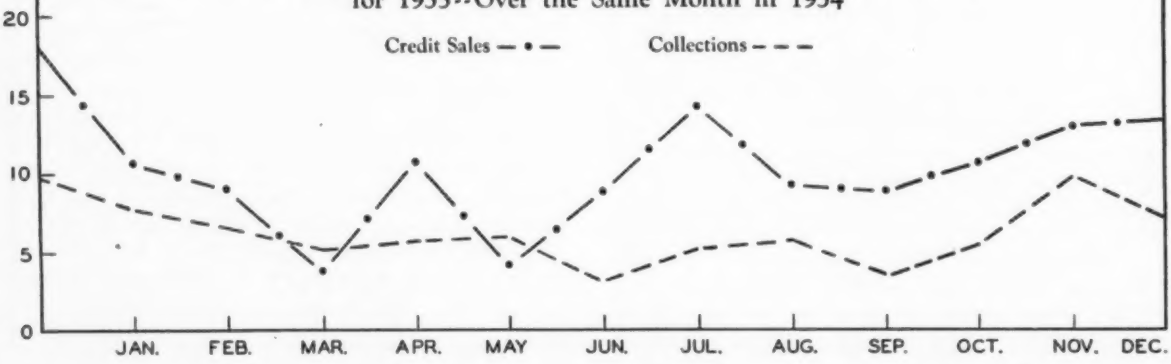
Collections were fair to good in the North Carolina and West Virginia area. Charlotte, N. C., reported an apparent disposition on the part of debtors to clean up delinquent items so as to clear their credit records. Gastonia, N. C., reported an increase in collections of 15 per cent due to larger textile pay rolls and general improvement. Clarksburg, W. Va., reported an increase of 10 per cent in credit sales due to a greater confidence for the future, while increased employment by WPA and local plants resulted in an increase of 5 per cent in credit sales in Huntington, W. Va.

Collections and credit sales were exceptionally good in Florida cities. This was attributed to a building boom in Fort Lauderdale; improvement in general business in Jacksonville; the movement of citrous fruits and the influx of tourists in Orlando. Savannah, Ga., reported an increase of 19 per cent in collections, and 17.5 per cent in credit sales.

Collections in the Missouri, Kansas, and Kentucky division were fair to good—Henderson, Ky., reporting a decrease of one-half of 1 per cent, while Paducah, Ky., reported an increase of 6 per cent. St. Louis reported credit sales showed a larger increase than cash sales. General business improvement, as well as larger local pay

The Trends--At a Glance

Average Monthly *Percentage Increase* in Credit Sales and Collections for 1935--Over the Same Month in 1934



rolls, resulted in an increase of 22 per cent in credit sales in Fort Scott, Kan.

Collections in Evansville, Ind., decreased 1.5 per cent in December, 1935, while in December, 1934, they increased 25 per cent! *This increase was due to December, 1934, being the first month that interest was charged on past due accounts.* Bay City, Mich., reported collections decreased 10 per cent during December—the public using extra cash for Christmas buying. Mount Clemens, Mich., reported 30 per cent increase in collections—26 per cent increase in credit sales. Employment conditions have improved and more money is available due to FHA, PWA, etc. "There is a better feeling of security for the future."

Collections in Ames, Ia., increased 10 per cent due to improved employment. Credit sales increased the same amount due to larger enrollment at Iowa State College. Credit sales in Burlington, Ia., increased 20 per cent owing to higher prices for farm products and increased pay rolls caused by PWA projects. Collections and credit sales in Hastings, Neb., increased 15 per cent due to "more people working and Federal money having been made available to farmers and laborers."

Credit sales in Omaha were practically the same as last year due to a scarlet fever epidemic. Huron, S. D., reported an increase of 15 per cent in credit sales, attributed to more money in circulation. Collections in Rapid City, S. D., were off 10 per cent and credit sales

(*Continued on page* 24.)

Comparative Reports--By Cities--December, 1935 vs. December, 1934

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	+ 5.0	Fair	+ 5.0
Lewiston, Me.	Good	+ 2.0	Good	+ 2.5
Portland, Me.	Slow	− 1.0	Fair	+ 5.7
Worcester, Mass.	Fair	+ . . .	Fair	+ . . .
Manchester, N. H.	Slow	−10.0	Fair	No change
Pawtucket, R. I.	Good	+ 4.1	Good	+21.0
Providence, R. I.	Fair	+ 3.4	Good	+18.0
Average	*Fair*	+ .6	*Fair*	+10.4
2. New York, N. Y.	Good	+ 1.0	Good	+ . . .
Niagara Falls, N. Y.	Good	+ 9.0	Good	+17.5
Rochester, N. Y.	Good	+ 2.3	Good	+ 7.2
Schenectady, N. Y.	Good	+ 1.5	Good	+ 9.3
Syracuse, N. Y.	Fair	+ 8.0	Good	+15.0
Utica, N. Y.	Good	+ 5.0	Good	+10.0
Butler, Pa.	Good	+ 3.0	Good	+ 5.0
Chester, Pa.	Good	+20.0	Good	+20.0
Erie, Pa.	Good	− 3.5	Good	+10.3
Pittsburgh, Pa.	Good	+ 4.5	Good	+ 8.0
Reading, Pa.	Fair	− 5.0	Good	+ 5.0
Uniontown, Pa.	Fair	+ . . .	Good	+ . . .
Wilkes-Barre, Pa.	Good	+ 5.0	Good	+ 5.0
Average	*Good*	+ 4.2	*Good*	+10.2
3. Charlotte, N. C.	Good	+ 2.2	Good	+ 8.0
Gastonia, N. C.	Good	+15.0	Good	+21.0
Charleston, W. Va.	Fair	No change	Good	+ 6.0
Clarksburg, W. Va.	Fair	+ 2.0	Good	+10.0
Huntington, W. Va.	Fair	No change	Fair	+ 5.0
Average	*Fair*	+ 3.8	*Good*	+10.0
4. Fort Lauderdale, Fla.	Fair	+25.0	Good	+50.0
Jacksonville, Fla.	Fair	+10.0	Good	+15.0
Orlando, Fla.	Good	+18.0	Good	+12.0
Savannah, Ga.	Fair	+19.0	Fair	+17.5
Jackson, Miss.	Good	+ 2.0	Good	+ 8.0
Average	*Good*	+14.8	*Good*	+20.5
5. Fort Smith, Ark.	Fair	− 4.0	Good	+10.0
Emporia, Kan.	Good	+11.0	Fair	+ 5.0
Fort Scott, Kan.	Fair	+ 5.7	Good	+22.0
Henderson, Ky.	Fair	− .5	Good	+10.0
Paducah, Ky.	Good	+ 6.0	Good	+11.0
Joplin, Mo.	Slow	− . . .	Good	+13.5
St. Louis, Mo.	Fair	No change	Good	+15.0
Average	*Fair*	+ 3.0	*Good*	+12.4
6. Decatur, Ill.	Good	+20.0	Fair	+ 6.0
Joliet, Ill.	Fair	+ 1.0	Good	+ 5.0
Peoria, Ill.	Fair	− 3.8	Good	+ . . .
Evansville, Ind.	Fair	− 1.5	Good	+30.5
Muncie, Ind.	Good	+21.0	Good	+20.0
Bay City, Mich.	Slow	−10.0	Good	+ 5.0
Detroit, Mich.	Fair	− 1.6	Good	+15.7
Grand Rapids, Mich.	Good	+ 4.0	Good	+15.0
Mount Clemens, Mich.	Fair	+30.0	Good	+26.0
Cincinnati, Ohio	Good	+18.3	Good	+16.8
Dayton, Ohio	Good	+ 9.5	Good	+15.8
Hamilton, Ohio	Good	+15.0	Good	+15.0
Springfield, Ohio	Fair	+26.6	Good	+43.3
Toledo, Ohio	Good	+ 5.0	Good	+ 7.0
Superior, Wis.	Good	+ 6.4	Good	+ 1.5
Average	*Good*	+ 9.3	*Good*	+15.9

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
7. Ames, Ia.	Fair	+10.0	Good	+10.0
Burlington, Ia.	Good	+ . . .	Good	+20.0
Cedar Rapids, Ia.	Fair	− 3.0	Good	+ 8.0
Muscatine, Ia.	Fair	No change	Good	+20.0
Sioux City, Ia.	Good	+ 2.0	Good	+ 6.0
St. Paul, Minn.	Good	+14.0	Good	+ . . .
Columbus, Neb.	Fair	+ . . .	Good	+ . . .
Hastings, Neb.	Good	+15.0	Good	+15.0
Lincoln, Neb.	Fair	+ 1.3	Good	+10.3
Omaha, Neb.	Fair	− 3.0	Fair	No change
Huron, S. D.	Slow	− 2.0	Good	+15.0
Rapid City, S. D.	Fair	−10.0	Fair	− 5.0
Vermillion, S. D.	Good	+ . . .	Fair	+ 9.0
Average	*Fair*	+ 2.4	*Good*	+ 9.8
8. Ada, Okla.	Fair	+ . . .	Good	+ . . .
Hobart, Okla.	Slow	+18.0	Good	+25.0
Stillwater, Okla.	Slow	+ 3.5	Good	+19.0
Tulsa, Okla.	Good	+ 3.5	Good	+12.1
Amarillo, Tex.	Good	+10.2	Good	+ 7.5
Austin, Tex.	Good	− 3.2	Good	+ 5.5
Borger, Tex.	Good	+15.0	Good	+20.0
Breckenridge, Tex.	Fair	No change	Good	+12.5
Fort Worth, Tex.	Good	+ 1.6	Good	+ 4.5
Houston, Tex.	Good	+ 7.8	Good	+ 8.4
Pampa, Tex.	Good	+45.0	Good	+50.0
Tyler, Tex.	Good	+25.0	Good	+25.0
Waxahachie, Tex.	Good	+ 5.0	Good	+ . . .
Average	*Good*	+10.9	*Good*	+17.2
9. Canon City, Colo.	Fair	+ . . .	Fair	− . . .
Salt Lake City, Utah	Good	− 1.9	Good	+10.6
Casper, Wyo.	Fair	− 4.0	Fair	− 5.0
Cheyenne, Wyo.	Fair	+ 5.0	Good	+15.0
Laramie, Wyo.	Fair	+20.0	Good	+30.0
Average	*Fair*	+ 4.8	*Good*	+12.6
10. Lewiston, Ida.	Good	+ 7.5	Good	+10.0
Klamath Falls, Ore.	Fair	+14.0	Good	+22.0
Centralia, Wash.	Good	+33.5	Good	+ 1.4
Vancouver, Wash.	Good	+25.0	Fair	+10.0
Average	*Good*	+20.0	*Good*	+10.8
11. El Centro, Calif.	Slow	−20.0	Good	+10.0
Huntington Park, Calif.	Good	+15.0	Good	+20.0
Ontario, Calif.	Good	+22.0	Good	+11.0
San Diego, Calif.	Fair	+10.0	Good	+22.0
San Francisco and Oakland, Calif.	Good	+ 1.5	Good	+ 8.7
San Jose, Calif.	Good	− 2.6	Good	+ 3.0
Santa Barbara, Calif.	Good	+ 2.0	Good	+10.0
Stockton, Calif.	Fair	+ 7.0	Fair	+ 2.0
Average	*Good*	+ 4.4	*Good*	+10.8
12. Calgary, Alberta	Fair	+ 5.0	Good	+15.0
New Westminster, B. C.	Good	+12.0	Good	+20.0
Victoria, B. C.	Good	+ 5.0	Good	+ 8.0
Ottawa, Ont.	Good	+ 7.5	Good	+10.7
Average	*Good*	+ 7.5	*Good*	+13.4

The Importance of Liberalized Credit In Modern Retailing

By E. C. BARTOW*
Controller, Neusteter Company, Denver, Colo.

DURING the past three years the automobile industry has made *greater* strides toward recovery *than any other national industry*. Granted, they did produce an article new in style, new in design, and with unheard-of improved features. Granted, they created a strong desire in the public mind for their fine product, but the step that actually put their sales over the top was their *credit reformation*.

Overnight on their 24 months—and in some places 36 months—to pay plans, they made it possible for millions of Americans to conveniently buy new cars. *This* is the most striking example of the effect of *our new credit policy* in retailing. Under *this plan* the sales of automobiles increased 82 per cent for the eleven months of 1935, over the corresponding period of the year 1933.

The Federal Housing Plan stimulated furniture, electrical appliance, and department stores to *further* this movement of credit liberalization, by extending time payment on the *strength* of government loans.

Immediately following this, apparel stores have attempted to claim their share of new business by discarding their long fixed 30- to 60-day credit terms, for 90 days' to 6 months' payment on all purchases. This all sounds fine and seems to prove that liberal credit *guarantees volume* and *new business* in every field, *but it has its fallacies!*

It is one thing to sell automobiles, furniture, refrigerators and the like on extended terms; but it is quite another thing to sell perishable or "soft" merchandise on the same terms. From the very nature of these goods they lose their *resale* value. The repossession value is gone the moment the sale is made.

How is liberalized credit being adopted? In a recent survey in one of our eastern cities, a keen retailer interviewed on why his store had put in a radically different credit policy, remarked, "One of our leading competitors has put into effect one of the most *ridiculous* credit plans imaginable, and as we had to do *something* to get our share of the business *we decided to go him one better.*" Doesn't this same sort of reasoning account for the terms that are being granted on merchandise by certain merchants throughout the country in a frantic effort to answer the plea for more volume?

Most of us are familiar with the fact that one of the foremost stores in a large eastern city recently offered 2 per cent discount to cash customers. Immediately some of the other stores in that same locality retaliated by offering long-term budget accounts on wearing apparel. Again, the use of the trading stamp is becoming widespread not only in drug and novelty stores but also in many of the larger department stores that had previously discarded them.

We know all these devices add to the cost of doing business and we ask ourselves, "Where is the money to cover this additional expense coming from?" Much has been said the past ten years concerning the cost of distribution being far too great. *Are these measures helping to reduce it?*

We have only to look at the reports furnished by the Harvard Bureau of Research to know that department stores generally have lost money for the past five years. With this in mind, we credit men and retail executives must watch every new idea to see that it doesn't add to the cost of doing business.

Liberalization of credit is essential in modern retailing but *wild credit inflation is dangerous.* The business we gain through these faulty measures must be paid for in full at some future day of reckoning. For years there have been the charge store and the installment credit store: the *first* carrying 50 to 60 per cent of its business on the books for from 30 to 90 days, the *latter* operating on a dollar-down-and-dollar-a-week basis.

There is a place in modern business for *both* types of stores; however, we must decide which type we are going to be and establish our credit policies accordingly. The average store, with regular 30- to 60-day accounts, attempts to operate on a small margin of profit. Its losses on the usual credit policy average one-fourth of 1 per cent of the charge sales. This comes from a conservative policy in the granting and operation of credit. Installment stores *legitimately* figure on a large margin of profit to take care of the heavy losses and carrying charges involved in unrestricted credit granting.

Each business is built for *its own field* and it *immediately* encounters *disaster* when forced into an operation for which *no provision* was made during its establishment and growth. *This is happening under the new credit plans.*

It has been the aim of credit men, with the support of their respective organization heads, to educate customers in the advisability of settling their obligations monthly. It is unwise for us at this stage of the game to immediately reverse our tactics and encourage *economically unsound* credit practices. Won't we wake up to find serious troubles, and a realization that once more our *wild scramble* for volume, *without the usual safeguard,* is again the reason for the high mortality rate in the retail field?

Current opinion among conservative retailers is that the general spread of loose credit in this country will seriously affect the structural form of national credit and American business.

It is true we are breaking away from *orthodox credit granting* and becoming more liberal in our policies, but let us do it in a *controlled way*. Let's examine each application for credit carefully, and *individualize,* rather than *generalize,* our credit granting.

(*Continued on page* 32.)

*An address delivered at the Ninth District Conference, Denver, Colo., January 5-7, 1936.

News of the District Conferences

FOUR successful district conferences were held during the month of January, and two more are scheduled for this month. These conferences, in programs and attendance, take on the aspects of miniature conventions and supply a needed link between local meetings and National Conventions.

Ninth District—at Denver

The Second Annual Conference of the Ninth District (*Colorado, New Mexico, Utah and Wyoming*) was held in Denver, Colo., January 5, 6 and 7.

"Meetings were well attended," writes Past President Charles M. Reed, "and very constructive. Speakers were on time and delivered very good addresses."

New officers and directors are: President and National Director, Harry P. Earl, Utah Power & Light Co., Salt Lake City, Utah; Vice-President, Elmer M. Munn, Gano-Downs Co., Denver, Colo.; Secretary-Treasurer, Chris Jensen, Crews-Beggs Dry Goods Co., Pueblo, Colo.; Directors: Howard McMullen, Grand Junction, Colo.; Harold Lieberthal, Colorado Springs, Colo.; Spencer R. Bellmaine, Gallup, N. M.; John W. Valentine, Boulder, Colo.; and Howard J. Lackey, Raton, N. M.

Sixth District—at Des Moines

The Sixth District (*Iowa, Manitoba, Minnesota, Nebraska, North Dakota, South Dakota, and Superior, Wis.*) held its Second Annual Conference at Des Moines, Iowa, January 13 and 14. Over 250 delegates were registered, large contingents being present from Minneapolis, Saint Paul, Duluth, Omaha and Lincoln.

The program, an excellent one, "clicked" with all the precision of a National Convention. The addresses were headliners—every one—and the Open Forum meetings brought out some lively and exciting discussions.

Officers and directors elected were: National Director, B. F. Collins, Warner Hdwe. Co., Minneapolis, Minn.; President, Geo. B. Walen, Tri-State Telephone and Telegraph Co., St. Paul, Minn.; Vice-President, Dean Ashby, M. L. Parker Co., Davenport, Iowa; Secretary-Treasurer, H. R. Amos, Magee's, Inc., Lincoln, Neb. Directors: W. E. Woodhead, Des Moines, Iowa; Harry O. Wrenn, Omaha, Neb.; Alfred O'Brien, Sioux City, Iowa; John Hesketh, Grand Forks, N. D.; Robert M. Grinager, Duluth, Minn.; and Mrs. Carl Wagner, Sioux Falls, S. D.

District Two—at New York City

Although the Second District consists of the states of New York and New Jersey, many credit granters and bureau managers from New England states attended the district's First Annual Conference held at New York City, January 20 and 21. This was a business conference of the first water. Many outstanding addresses were delivered, and there was much discussion of current deferred payment problems.

(*Editor's Note: Unfortunately, the addresses from this conference were received too late to include in this issue but will be published in succeeding issues.*)

W. A. Atkinson of W. L. Hurley Co., Camden, N. J., and J. Gordon Ross of the Rochester Gas & Electric Co., Rochester, N. Y., were unanimously reelected President and Vice-President, respectively. Dennis Dempsey of The Credit Bureau of Greater New York, Inc., was elected Secretary-Treasurer. The following were elected as directors: Walter E. Baab, New York City; Edward J. Bridges, Hempstead, Long Island; Wm. F. Colburn, Albany, N. Y.; B. A. Farrell, Brooklyn, N. Y.; and Edmund D. Voorhees, Trenton, N. J. R. F. Myers, The Wallace Co., Schenectady, N. Y., was elected as National Director with R. L. Allison, The Quackenbush Co., Paterson, N. J., as alternate.

A. B. Buckeridge, Executive Manager of The Credit Bureau of Greater New York, Inc., was elected *Director Emeritus.*

Seventh District—at Hot Springs

The Second Annual Conference of the Seventh District (*Arkansas, Kansas, Missouri and Oklahoma*) was held at Hot Springs, Ark., January 19, 20 and 21. Attendance was exceptionally good and the program an outstanding one with many excellent addresses. The banquet address of Sidney R. Baer, Vice-President and Treasurer of Stix, Baer & Fuller, Saint Louis, is published in this issue.

New officers and directors are: President, H. J. Burris, John Taylor Dry Goods Co., Kansas City, Mo.; Vice-President, Louis Wellinghoff, Boyd-Richardson Clothing Co., Saint Louis; Secretary-Treasurer, R. C. Warren, Arkansas Power & Light Co., Pine Bluff, Ark. Directors: Herbert R. Stuart, Tulsa, Okla.; J. B. Haberer, Fort Smith, Ark.; Dr. G. E. Tilton, Wichita, Kan.; Miss Julia Collar, Kerr Dry Goods Co., Oklahoma City, Okla.; J. R. Johnson, Little Rock, Ark.; and the Retiring President, J. G. McBride (National Director-at-large). E. F. Horner of Kline's, Inc., Saint Louis, was reelected as National Director.

Coming Conferences

Fifth District

The Fifth District (*Ohio, Michigan and Ontario*) Conference will be held at the Commodore Perry Hotel, Toledo, Ohio, February 17, 18.

Reservations may be sent to Joseph G. Ost, President of the District, c/o The Cowell & Hubbard Company, Cleveland, Ohio, or to Carl H. Bruns, Secretary of the Committee on Arrangements for the Conference, c/o The Merchants' Credit & Adjustment Company, 445 Huron Street, Toledo, Ohio.

Twelfth District

The Twelfth District (*Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia*) will hold its annual conference at the Mayflower Hotel, Washington, D. C., February 17 and 18. Reservations may be sent to Walter S. Hull of Hecht Brothers, Baltimore, President of the District, or John K. Althaus, Managing Director, Associated Retail Credit Men of Washington, D. C., Chairman of the Registration and Arrangements Committee.

Thirteenth District

The Annual Conference of District Thirteen (*Illinois, Indiana and Wisconsin*) will be held in Chicago, March 23 and 24 (meeting place—the Palmer House). Further details may be obtained from John T. Kemper, c/o Mandel Brothers, Chicago, District President.

Securing Business *from* Inactive Accounts

By DEAN ASHBY*

Credit Manager, M. L. Parker Company, Davenport, Iowa

THE *big* thing that most merchants have overlooked, entirely, *is their own place in the friendship of their customers.* The executive head or owner of a business should take an active part in that business—especially as concerns the quest for increased sales.

In the *average* store the customer is *merely a sheet in the ledger.* But, as John Howie Wright has so aptly put it—"To *me,* I am the most important person in the world." And so it is with the customer. *Her* feelings—*her* desires—*her* credit—are all of *first* importance.

Customers "quit" without explanation, without giving the management a chance to "make good" and, by "airing" their grievances, spread unfavorable word-of-mouth publicity. So, it is obvious that the most costly thing in store operation is "customer turnover."

It not only means the loss of patronage, but also carries with it the shutting off of *favorable* word-of-mouth publicity that wins new customers.

Regular, scheduled appeals—written from the standpoint that keen disappointment is felt because patronage has been withdrawn—produce quick results. *Such appeals must not be spasmodic.*

These inactive letters, together with the departmental campaigns, which talk in terms of the customer's actual purchasing status in the store—tend to build up in the customer's mind the conviction that her patronage is appreciated. These customers cannot help but "boost" for the store that takes such personal interest in their patronage.

Why do customers drift away? Analysis shows that 68 out of every 100 store customers who "drift away" do so *because of store indifference.*

In the course of the work of classifying customers' accounts, the credit office will discover that a certain percentage of these accounts becomes inactive each month. That is, there will always be a proportion of your customers who fail to use their charge accounts for a period of time. This may be due, of course, to many things: the customer may be away from the city or for some other reason has failed to pursue her usual shopping habits.

It should be the duty of the Credit Department to keep an accurate and complete record of the accounts which have become inactive so that steps can be taken to prevent these accounts (or a large portion of them) from becoming permanently inactive and consequently a permanent loss of business.

In order to get an immediate check on accounts which have become inactive those accounts which have been paid up in full the previous month and which indicate that no purchases have been made during the current month, are handled in the following manner: Such statements are held out of the regular statement mailing and referred immediately to the credit office. These are then checked back against the ledger account to ascertain whether the account is in good standing. If this is found to be the case, a sales message is multigraphed on the blank statement and the statement is mailed to the customer.

By this means the account is solicited in the earliest stages of its inactivity at which time it is probably most subject to solicitation because the customer has not had time to acquire definite buying habits in some other direction. At this time, too, the cost of the solicitation is at a minimum because the statements are already addressed and the use of a window envelope eliminates the necessity for further addressing.

This plan was used in June, 1935, on 1,171 accounts. Of these, 527 accounts (46 per cent) purchased $4,084.90. The average purchase was $7.75, total cost of solicitation $27.80.

However, the most important part of the work of promoting business from inactive accounts is only touched upon when the first sales memos are sent out. As this first solicitation results only in a maximum return of 46 per cent, it is imperative that something further be done to conserve as much as possible of the loss of business which the other 54 per cent of inactive accounts will result in.

For this reason it is quite necessary that a very constant check be kept on all inactive accounts and that they be followed up in a concentrated and consistent manner periodically so as to cut down their extended inactivity to the minimum. This may be done according to the following plan, which over a period of four years has brought a very definite response and has actually resulted in cutting down the total inactivity of charge accounts from 19.65 per cent for the first month of the first year to the average of the fourth year of 6.45 per cent.

Each month a record is kept of the number of inactive accounts withdrawn from the ledgers. These are recorded on a card form, the card being addressed by means of the Addressograph plate which has previously been tabbed to indicate that the account has become inactive. The purchase record card is punched to indicate on which months purchases were made, thus showing at a glance how long the account has been inactive as well as the month in which it fell into this classification.

From this card record of inactive accounts, it is a relatively simple matter to adopt and follow up a consistent and productive plan for regular solicitation which should result in a measurable decrease in the number of inactive customers. Letters should be used for this purpose as they have proved to be highly successful for inducing customers to resume shopping at your store. Experience has shown conclusively that their consistent use will bring results that should be gratifying to any store. The following tabulation of the results actually obtained from their use will indicate to what extent they will actually bring results.

On March 1, there were taken 472 inactive accounts from the ledgers and a letter was sent to them. In the

*This article is from an address delivered at the Sixth District Conference, Des Moines, Iowa, January 13, 1936.

following thirty days 136 (or 21 per cent) had responded, buying a total of $1,415.52, or an average of $10.37 per customer. The cost of this solicitation was 7/10 per cent. On the first of April, the remaining 336 inactive accounts were solicited—in addition to those which had fallen into the inactive classification but had not responded to the first solicitation; 133 made purchases during the following month totaling $2,108.03, or an average per account of $20.16. The cost of this solicitation likewise figures 7/10 per cent. (We used third-class postage.)

This work was continued, with especial attention being paid to the particular list of accounts which had gone into the inactive file on March first. After nine months, a check-up revealed that of the original 472 accounts which had become inactive on March 1, 418 had since been restored to the active account classification. Thus, the results of this effort—on this group of customers—resulted in the return of 88.56 per cent to active buying again. It is also notable that after each of these particular accounts had become active again, it remained active continually throughout the remainder of the period.

The results which were obtained by the credit department in pursuing this line of activity over a one-year period are summarized in the following table.

Table on Inactive Accounts

The following is a complete outline of the average monthly results from our Inactive Account program:

Monthly average number of accounts in mailing	2,429
Monthly average number of accounts used in 30 days	210
Monthly average percentage of response to total monthly mailing	9.55%
Monthly average percentage of response during 12 months for each monthly group	61.12%
Monthly average purchase per account	$ 7.92
Monthly average total purchases for accounts becoming active	$1,740.90
Monthly average cost of mailing	$ 35.45
Monthly average percentage of cost to purchases	2.88%
Monthly average number of accounts withdrawn each month from ledgers as inactive for 90 days	755
Monthly average percentage of inactive accounts to total accounts each month	6.45%

The fact that we have been able to hold our inactive accounts to an average of 6.45 per cent per month is evidence of the results which can be obtained from planning a constructive and consistent campaign to maintain active accounts the year round. The fact that you are constantly keeping before them that their accounts are open for them to use at any future date will bring business through the use of their account at some time later on.

(*Continued on page* 24.)

M.L.Parker Company
DEPARTMENT STORE
DAVENPORT, IOWA

①

When a good customer fails to use their account for such a long period of time as you have, we wonder whether you might have been trading for cash with us -- or whether we have been unfortunate enough to lose your valued patronage.

If you have been trading for cash, we wish to take this opportunity to thank you. If you have discontinued trading at this store for this length of time, we urgently invite you to resume the use of your account -- which we have kept open for you. There are many opportunities for worthwhile savings on seasonable merchandise during this month. Your charge account will enable you to take full advantage of them.

We will look forward to seeing your account active again soon.

Sincerely yours,

M. L. PARKER COMPANY

A. E. Simmons

General Manager

AES:EH

M.L.PARKER Co.
Davenport, Iowa

SOLD TO MRS. [illegible] 10-366

[illegible]

②

DAVENPORT, IOWA.

DETACH AND RETURN THIS STUB WITH YOUR CHECK. YOUR CHECK RETURNED BY YOUR BANK IS YOUR RECEIPT.

BALANCE BROUGHT FORWARD AS FOLLOWS:

PRIOR TO: A/C	A/C	A/C	A/C	A/C	APR A/C	TOTAL BALANCE BROUGHT FORWARD
					25.00	25.00

DATE	DEPARTMENT	ITEMS	CHARGES	CREDITS	Pay Last Amount In This Column
5/10		Cash		10.00	15.00

This is a copy of your account as it appears on our records at present.

No purchases charged during May.

You can use your account to advantage during June because:-

JUNE IS DAVENPORT'S GOLDEN MONTH.

Parker's lead Davenport's Golden June
-- with Golden values in every department!
-- with Golden summer fashions!
-- with a radiant Golden Store!
-- with Golden courteous service!

Your "Parker" charge account is a convenient service you can avail yourself of this month, while shopping here.

M. L. Parker Company
Davenport, Iowa

Comparative Collection Percentages--Decem

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY	
	1935			1934			1935			1934			1935			1934			1935			1934			1935	
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	HI.	LO.
1 Boston, Mass.	43.2	63.1	35.1	43.6	63.2	36.5	13.0	23.9	12.0	15.1	22.2	14.5	50.0	53.0	41.5	47.7	50.7	37.9	—	—	—	25.3	39.6	11.1	3.0	68.4
Providence, R. I.	43.6	54.2	40.8	40.4	50.0	38.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lynn, Mass.	54.0	56.5	35.2	46.3	49.0	36.7	—	—	—	—	—	—	—	—	—	—	—	—	10.3	11.7	7.6	11.2	14.2	8.0	0.5	—
Hartford, Conn.●	—	—	—	40.4	41.3	37.9	—	—	—	—	27.1	—	—	—	—	36.6	39.5	35.0	—	—	—	12.2	13.4	11.0	—	—
Springfield, Mass.	53.3	63.2	46.3	50.0	56.9	43.0	18.1	24.6	11.6	16.4	21.7	12.5	50.1	56.0	46.0	47.2	55.0	41.1	—	—	—	—	—	—	—	—
Worcester, Mass.	43.2	46.8	40.6	37.9	43.1	32.5	20.1	22.5	16.6	22.6	25.2	20.0	40.6	41.0	22.6	39.1	40.0	23.2	—	—	—	—	—	—	—	—
2 New York City	46.4	60.9	35.7	46.2	61.2	36.8	17.8	20.1	11.0	16.9	19.7	10.0	43.7	57.7	39.9	44.7	50.5	37.9	—	—	—	7.7	29.1	7.3	25.0°	—
Pittsburgh, Pa.	48.0	49.9	44.9	45.3	47.6	43.1	17.8	22.8	12.5	15.2	18.8	12.6	47.3	50.4	40.0	44.8	51.8	35.0	—	—	—	—	—	—	09.0	55.6
Syracuse, N. Y.	35.0	42.6	31.8	32.5	40.6	27.5	15.5	17.0	15.3	15.6	19.0	14.1	—	39.7	—	—	41.9	—	—	11.2	—	22.7	32.1	13.3	—	—
Utica, N. Y.●	—	—	—	47.0	60.0	30.0	—	—	—	—	—	—	—	—	—	47.0	58.0	32.0	—	—	—	10.7	12.8	9.0	—	—
3 Washington, D. C.	41.3	52.6	36.4	40.1	52.0	32.5	11.6	12.9	10.4	12.0	13.5	10.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Huntington, W. Va.	—	63.4	—	54.6	61.7	47.6	—	—	—	—	—	—	—	—	—	—	—	—	—	9.0	—	—	9.9	—	—	—
Baltimore, Md.	41.0	46.3	33.9	40.6	48.1	32.9	14.5	25.2	5.1	15.0	25.5	7.3	38.2	45.8	31.1	40.1	47.5	35.4	—	—	—	—	—	—	—	—
4 Birmingham, Ala.	40.3	44.0	33.9	42.7	49.0	37.5	24.0	25.7	22.2	19.0	26.6	13.9	50.3	52.5	48.0	43.7	48.0	39.3	11.2	11.7	10.5	12.5	13.5	11.5	—	—
New Orleans, La.●	—	—	—	44.3	47.6	36.0	—	—	—	15.8	20.6	13.8	—	—	—	—	50.8	—	—	—	—	—	—	—	—	—
Atlanta, Ga.	37.7	38.4	37.0	37.8	40.0	35.5	13.0	14.7	11.3	13.9	16.2	11.6	33.7	35.3	32.0	34.0	34.1	34.0	11.0	11.5	10.5	10.9	11.2	10.5	35.0	—
5 Kansas City, Mo.	60.7	75.8	45.7	63.6	76.4	50.9	—	—	—	—	—	—	50.0	54.0	46.5	52.6	65.4	46.5	—	13.8	—	—	12.0	—	—	—
St. Louis, Mo.	54.3	63.9	49.0	53.4	61.5	48.7	20.9	25.2	17.6	23.1	25.9	17.6	41.2	45.3	33.0	43.2	49.9	37.1	12.9	16.9	9.0	12.4	15.4	8.4	18.0°	—
Little Rock, Ark.	39.8	41.5	31.0	40.7	44.9	34.0	13.7	14.6	12.8	12.7	13.9	11.5	—	—	—	—	48.7	—	—	9.6	—	10.7	12.8	9.8	59.8	—
6 Cleveland, O.	46.1	50.7	43.8	46.4	53.0	44.6	16.6	30.5	12.0	15.6	24.2	12.2	39.9	42.9	36.2	40.2	43.0	35.3	8.9	11.1	8.3	8.2	11.8	8.1	64.2	36.1
Cincinnati, O.	48.2	51.5	44.0	47.9	53.9	43.6	18.2	34.6	12.4	15.0	19.4	11.0	49.5	54.6	41.9	49.9	62.9	40.0	—	—	—	—	—	—	78.6	58.8
Columbus, O.	43.8	47.9	41.1	51.4	53.4	46.9	12.3	12.7	12.0	13.3	14.0	12.7	48.0	51.6	40.7	47.8	54.9	37.0	12.7	36.0	12.0	14.0	29.0	12.7	—	—
Toledo, O.	45.8	50.9	44.2	41.5	48.6	40.5	17.6	19.0	16.0	16.2	18.6	13.3	44.7	56.1	44.0	47.5	55.2	44.8	11.4	12.0	10.8	—	9.5	—	—	—
Youngstown, O.	47.7	48.1	47.3	44.3	47.9	40.7	15.6	16.6	14.5	17.9	21.3	14.4	39.0	51.0	26.9	40.2	58.5	21.8	—	—	—	—	—	—	68.7	—
Detroit, Mich.	60.4	67.0	52.2	58.4	70.7	46.7	20.3	21.4	18.9	19.3	24.7	13.0	46.0	50.6	41.8	49.0	53.5	42.8	—	—	—	—	—	—	32.0	—
Grand Rapids, Mich.	41.7	42.2	41.1	39.2	42.0	37.2	—	—	—	—	—	—	41.8	52.8	34.0	46.0	55.4	38.2	13.2	16.6	8.1	12.3	16.5	7.3	—	—
Milwaukee, Wis.	54.9	55.9	45.2	44.4	55.1	43.8	18.2	19.7	16.7	17.6	19.0	16.3	—	49.8	—	47.3	49.6	45.0	—	—	—	—	7.6	—	—	—
Springfield, Ill.	33.1	46.1	16.7	33.9	45.6	18.0	—	—	—	—	—	—	28.5	29.0	28.0	27.5	30.9	24.0	20.8	28.0	13.3	21.6	28.7	13.0	67.0	23.4
7 Duluth, Minn.	40.5	48.8	32.2	42.2	49.6	34.9	22.1	24.7	19.6	21.2	24.8	22.6	44.5	55.9	33.9	39.2	58.3	32.7	—	—	—	—	—	—	—	—
St. Paul, Minn.	58.6	64.7	53.0	56.6	59.3	55.0	—	—	—	—	—	—	37.5	41.0	32.0	43.2	43.6	42.8	—	—	—	—	—	—	—	—
Minneapolis, Minn.	65.1	70.0	59.6	64.9	70.6	60.9	18.0	21.6	12.2	18.7	23.0	12.9	55.2	57.6	52.4	55.1	58.3	52.0	13.8	14.6	13.0	15.3	17.8	12.9	06.5	—
Davenport, Ia.	47.9	48.2	47.6	47.7	50.0	45.5	13.8	15.9	11.6	16.5	17.6	15.4	—	—	—	—	40.5	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	54.5	58.3	46.7	58.0	59.3	48.6	23.7	25.7	21.7	—	19.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	50.9	55.8	41.0	42.6	59.7	36.0	16.0	26.6	15.1	18.0	41.0	14.7	—	40.0	—	—	40.0	—	—	—	—	—	—	—	—	—
Omaha, Neb.	—	46.7	—	—	44.2	—	—	12.2	—	—	12.0	—	39.5	49.7	34.6	41.9	48.4	36.6	—	—	—	—	—	—	—	—
North Platte, Neb.●	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8 Tulsa, Okla.	55.8	59.0	52.6	61.1	64.0	58.3	13.8	15.0	12.5	15.6	17.0	14.2	51.8	52.8	50.9	46.8	50.0	43.5	—	—	—	15.2	17.5	12.9	—	—
Oklahoma City●	—	—	—	51.8	64.2	46.5	—	—	—	20.5	26.5	10.6	—	—	—	—	48.9	—	—	—	—	—	—	—	—	—
San Antonio, Tex.	44.0	47.2	42.0	42.0	45.0	39.0	12.6	12.8	12.4	12.5	12.9	12.2	44.3	47.0	42.2	43.8	46.0	44.2	8.9	8.9	8.9	7.4	8.0	7.7	38.6	—
9 Denver, Colo.	45.6	53.0	44.7	44.8	48.6	42.4	14.0	16.9	11.1	16.0	16.4	14.1	45.1	45.6	44.7	44.1	49.5	42.4	9.8	11.2	8.4	9.8	11.4	8.2	16.9°	—
Salt Lake City, Utah	57.7	67.1	53.7	59.6	69.2	53.5	23.0	28.1	21.1	15.1	17.0	11.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	105.3	—	—	102.3	—	—	—	—	—	—	—	—	—	—	25.2	28.0	22.4	—	—	—	—	—	—	—	—
10 Portland, Ore.	35.6	68.2	33.3	34.8	39.4	32.0	15.1	54.3	11.1	16.6	46.8	8.7	42.0	45.6	31.3	43.0	59.2	31.3	—	—	—	7.8	27.5	7.3	30.0°	7.3°
Spokane, Wash.	52.6	59.8	45.5	58.7	70.8	46.6	12.4	13.6	11.1	15.2	17.5	13.0	37.5	50.0	25.1	38.0	50.0	26.0	—	—	—	—	—	—	30.0°	25.1°
Tacoma, Wash.	50.0	57.7	42.3	44.8	47.7	42.0	15.1	15.5	14.6	14.8	16.2	13.3	—	—	—	—	—	—	18.0	18.0	18.0	17.8	18.5	17.0	22.0°	—
Billings, Mont.	—	—	—	44.8	46.6	43.0	—	—	—	—	13.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11 San Francisco and Oakland, Calif.	41.6	53.5	32.8	43.2	54.2	31.9	20.1	34.6	13.1	19.8	34.8	14.6	36.0	47.6	29.8	34.3	44.5	30.5	12.2	22.3	12.2	11.9	17.7	9.9	—	—
Los Angeles, Calif.	58.6	62.5	52.7	57.4	62.2	51.1	18.2	23.7	15.3	17.3	22.6	16.0	58.0	58.5	51.0	56.1	59.3	47.0	—	—	—	—	—	—	51.8	—
Santa Barbara, Calif.	43.1	50.1	35.5	43.5	54.5	33.2	—	—	—	—	—	—	59.1	49.1	78.0	61.4	72.0	50.1	—	—	—	—	—	—	—	—
12 Ottawa, Ont.	32.0	36.8	27.5	30.1	33.9	26.3	—	10.2	—	—	10.0	—	32.0	34.0	30.0	36.0	40.0	33.0	13.7	16.5	10.9	12.8	15.9	9.8	—	—
Vancouver, B. C.	65.8	66.3	65.3	64.3	64.4	64.2	24.8	29.5	20.0	23.2	23.6	22.9	—	50.0	—	41.9	55.3	28.5	—	16.8	—	—	9.6	—	50.0	—
Victoria, B. C.	59.7	60.5	59.0	63.3	68.7	57.9	20.1	24.0	16.2	20.1	22.3	18.0	—	40.3	—	—	40.6	—	—	—	—	—	—	—	—	—

● 1935 figures not received at press time
[0]Installment
[1]Furriers
[2]Laundry
[5]Lumber
[6]Paper and Paint
[7]Fuel
[8]Cleaning and Dyeing
[11]Builders' Supplies
[12]O
[13]G

-Dcember, 1935, *Versus* December, 1934

ES			WELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
			35		1934			1935			1934			1935			1934			1935			1934			1935			1934		
	LO.	A	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
5	11.1	70	13.0	68.4	63.6	68.4	58.9	—	—	—	—	—	—	—	57.8	—	—	54.0	—	—	—	—	53.0	80.1	47.4	65.5	74.0[7]	64.0[13]	64.3	81.0[7]	53.0[13]
	—		—	—	—	—	—	—	—	—	—	—	—	53.5	57.0	50.0	52.8	55.2	50.5	—	—	—	—	50.0	—	77.2	86.9[7]	53.0[13]	66.6	81.8[2]	38.0[12]
2	8.0		10.5	—	—	9.1	—	—	69.6	—	—	—	—	—	—	—	—	—	—	69.5	87.0	52.0	—	76.6	—	65.0	84.8[7]	51.0[13]	67.4	78.0[7]	48.0[13]
4	11.0		—	—	—	—	—	—	—	—	—	—	—	—	—	—	50.0	51.1	48.9	—	—	—	—	59.6	—	—	—	—	—	61.5	—
	—		—	—	—	—	—	—	—	—	—	—	—	60.0	63.0	57.1	58.6	56.0	51.2	—	84.0	—	70.0	77.0	63.0	—	65.0[5]	—	38.6	75.1[5]	28.0[11]
	—		—	—	—	—	—	61.3	85.0	37.7	51.8	68.0	35.6	—	44.8	—	—	43.5	—	52.7	62.0	43.0	54.0	66.0	42.0	59.6	82.0[7]	32.5[16]	58.2	83.8[7]	32.6[16]
1	7.3		25.0°	—	17.5°	25.0°	10.0°	67.7	80.6	49.0	57.1	68.8	46.7	76.7	90.0	63.5	61.4	63.0	59.9	64.0	68.0	60.1	68.4	78.0	58.8	53.1	60.2[20]	46.0[20]	48.4	57.9[23]	39.0[20]
	—	79	109.0	55.6	48.0	49.3	46.7	—	—	—	—	—	—	56.0	66.0	46.0	57.3	67.6	47.0	—	—	—	—	—	—	54.9	70.5[8]	27.7[8]	56.9	64.0[13]	23.6[2]
1	13.3		—	—	—	—	—	40.4	47.8	33.0	36.7	42.4	31.0	—	—	—	—	—	—	57.0	70.7	43.4	54.9	55.3	54.6	44.8	49.1[5]	31.1[7]	37.0	46.1[5]	28.0[7]
3	9.0		—	—	27.0	38.0	24.0	—	—	—	30.0	35.0	29.0	—	—	—	—	—	—	—	—	—	59.0	65.0	42.0	—	—	—	41.0[11]	51.0[11]	28.0[11]
	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
)	—		—	—	—	—	—	—	46.5	—	—	43.0	—	—	—	—	—	—	—	—	46.1	—	—	67.6	—	43.7	82.0[9]	37.4[9]	42.3	58.6[9]	26.0[9]
	—		—	—	—	—	—	—	33.2	—	—	31.9	—	42.1	44.5	38.0	44.3	52.8	36.1	—	—	—	—	—	—	—	—	—	—	—	—
5	11.5		—	—	—	22.1	—	42.1	46.5	35.0	41.2	46.7	38.0	—	—	—	—	—	—	52.6	62.0	43.6	52.9	62.2	43.6	—	—	—	—	—	—
	—		—	—	—	—	—	—	—	—	—	36.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2	10.5		35.0	—	—	32.2	—	—	35.0	—	—	35.2	—	—	—	—	—	—	—	—	—	—	—	—	—	41.1[7]	44.3[7]	37.8[7]	46.8[7]	54.6[7]	38.9[7]
0	—		—	—	—	—	—	—	—	—	—	—	—	47.4	49.3	44.0	47.7	54.0	40.0	—	—	—	69.2	78.9	52.0	—	—	—	—	—	—
4	8.4		18.0°	—	22.0°	28.0°	16.0°	41.5	51.0	35.5	40.0	43.0	36.1	—	42.9	—	42.4	47.1	35.3	—	97.0	—	—	94.0	—	57.5	73.0[5]	44.0[5]	58.4	74.6[5]	49.0[14]
8	9.8		59.8	—	20.9°	28.0°	13.9°	—	—	—	—	—	—	—	—	—	—	—	—	61.7	80.7	47.4	57.0	74.8	43.1	—	48.0[19]	—	44.6	56.0[12]	33.3[5]
8	8.1	57	64.2	36.1	50.8	56.8	18.0	40.8	84.6	40.1	38.4	71.4	35.5	51.4	80.9	38.8	55.3	86.4	39.4	—	—	—	—	—	—	55.0[13]	72.5[13]	32.7[13]	62.8[13]	80.3[13]	35.0[13]
	—	70	78.6	58.8	51.4	65.2	41.0	44.1	49.1	39.0	40.4	41.8	39.0	65.1	71.4	58.8	52.0	67.2	37.6	—	—	—	—	—	—	52.0	68.6	19.3	58.9	80.0	24.8
0	12.7		—	—	—	—	—	43.0	48.8	37.3	42.7	45.6	39.9	—	—	—	—	—	—	—	—	—	—	—	—	—	49.0[5]	—	—	—	—
5	—		—	—	—	—	—	34.6	35.1	34.1	33.6	33.9	33.4	—	—	—	—	—	—	—	40.0	—	34.0	80.0	33.8	—	—	—	51.7[11]	66.0[11]	37.5[11]
	—		68.7	—	—	70.9	—	37.3	52.4	17.0	36.5	52.8	17.0	—	—	—	—	—	—	—	—	—	—	90.8	—	—	—	—	—	42.5[16]	—
	—		32.0	—	41.5	47.0	36.0	54.9	61.7	51.1	51.3	55.0	44.5	51.5	53.2	49.9	53.1	55.8	50.4	—	—	—	—	—	—	—	—	—	94[17]	98[17]	89[17]
5	7.3		—	—	—	—	—	63.2	109.0	45.2	53.4	95.0	39.0	—	—	—	—	—	—	—	59.0	—	62.4	81.7	43.0	57.1[7]	97.0[7]	33.6[7]	57.2[7]	89.0[7]	39.0[7]
5	—		—	—	—	16.5	—	46.6	50.0	43.3	48.7	55.0	42.5	48.5	52.3	44.8	44.5	50.0	38.9	—	—	—	—	70.8	—	—	—	—	—	—	—
.7	13.0	4	67.0	23.4	45.1	63.0	24.8	29.4	39.8	21.3	31.7	42.9	17.2	28.7	31.4	26.0	29.9	27.1	22.0	54.4	75.0	23.0	44.1	67.0	23.0	50.4[7]	67.5[7]	29.0[7]	49.7[7]	65.5[7]	26.0[7]
	—		—	—	—	36.5	—	—	—	—	—	30.0	—	—	—	—	—	—	—	—	—	—	—	36.1	—	70.5	101.0[21]	40.0[16]	55.0	78.0[21]	32.9[16]
	—		—	—	—	—	—	47.9	54.9	41.0	43.5	45.6	41.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	12.9		106.5	—	—	59.3	—	54.0	57.6	50.4	50.9	53.9	47.8	—	—	—	—	—	—	47.1	67.0	27.3	47.1	58.0	36.3	65.6[7]	87.0[7]	47.8[7]	64.2[7]	100.0[7]	45.8[7]
	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	48.0	—	—	45.0	—	—	81.0[2]	—	—	93.0[2]	—
	—		—	—	—	—	—	46.3	50.0	42.7	50.9	56.8	45.0	—	49.0	—	—	52.0	—	—	—	—	—	—	—	—	53.3	—	—	54.8	—
	—		—	—	—	—	—	—	45.0	—	—	51.0	—	—	45.5	—	—	37.5	—	—	—	—	—	—	—	—	54.5[7]	—	—	51.0[7]	—
	—		—	—	—	—	—	—	48.9	—	—	49.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
.5	12.9		—	—	—	—	—	54.3	67.6	51.0	59.0	67.7	50.2	—	—	—	—	—	—	64.4	72.0	56.9	62.3	71.0	53.7	—	62.0	—	—	31.0	—
	—		—	—	—	—	—	—	—	—	51.7	59.2	44.8	—	—	—	—	—	—	—	—	—	—	77.8	—	—	—	—	—	71.8[13]	—
0	7.7		38.6	—	—	58.4	—	—	39.0	—	—	40.8	—	—	59.6	—	—	56.3	—	—	—	—	—	—	—	—	—	—	—	—	—
.4	8.2		16.9°	—	—	16.6°	—	46.8	49.0	44.7	46.7	49.5	43.9	43.9	51.6	36.2	46.0	57.2	34.9	—	57.7	—	62.0	65.6	40.0	—	59.0	—	47.9[5]	72.0[5]	25.4[5]
	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	—		—	—	—	—	—	41.0	47.1	35.0	36.2	36.5	36.0	—	38.0	—	46.3	53.0	37.9	—	—	—	—	—	—	—	43.0[13]	—	—	—	—
.5	7.3	1	30.0°	7.3°	17.8°	30.1°	5.4°	—	—	—	40.5	43.3	37.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	—	2	30.0°	25.1°	26.4°	27.3°	25.6°	40.0	45.1	39.4	43.5	45.0	42.0	—	—	—	—	—	—	—	77.1	—	59.3	61.0	57.6	61.9	93.3[11]	33.0[1]	59.5	74.0[7]	47.0[1]
.5	17.0		22.0°	—	—	20.0°	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	69.2	—	—	—	—	56.5	77.0	36.0[16]
.7	9.9		—	—	—	—	—	39.8	47.5	29.8	40.7	49.7	29.2	37.9	60.4	35.3	36.2	61.5	32.7	—	—	—	—	—	—	—	—	—	—	—	—
	—		51.8	—	—	—	—	50.8	60.0	48.3	49.1	57.0	44.8	55.5	60.6	49.6	53.3	59.4	48.0	—	—	—	—	—	—	77.0[13]	81.0[13]	73.0[13]	71.3[13]	83.9[13]	56.7[13]
	—		—	—	—	—	—	52.5	63.8	30.7	54.3	60.1	41.4	47.5	54.3	41.7	43.4	54.4	35.1	—	—	—	—	—	—	62.1[13]	67.9[13]	55.1[13]	48.3[13]	63.7[13]	31.2[13]
.9	9.8		—	—	—	—	—	—	81.0	—	—	54.0	—	—	—	—	—	—	—	72.2	74.1	70.4	59.1	60.2	58.1	51.1[7]	66.8[7]	33.5[7]	46.8[7]	62.8[7]	30.8[7]
.6	—		50.0	—	—	45.0	—	47.0	50.4	41.0	33.3	36.6	30.0	—	—	—	—	31.2	—	62.5	76.0	49.1	45.0	47.5	42.5	65.0	96.2[18]	39.0[7]	72.2	79.9[2]	35.0[18]
	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

[12]O
[13]G
[14]Stationery, Office Supplies
[15]Florist
[16]Hardware
[17]Music
[18]Dairy
[19]Drugs
[20]Sports Wear
[21]Leather Goods
[23]Household Equipment

Human Nature--Across the Credit Desk

By HARRY P. EARL*
Credit Manager, Utah Power and Light Co., Salt Lake City, Utah

TWO experiences provided the base for what I say today. One of them was a visit with a credit manager several months ago. The other experience was an interview I had a few days ago with the personnel director of a very large company. Each experience was an eye opener to me and I pass them to you for your consideration.

"He had the pleasure of telling her that he was closing her account"

I dropped in on a credit manager one morning, as I often do to exchange experiences. He had just completed a very successful job, to his complete satisfaction, as I detected in his expression of the case. Just a few minutes prior to my calling, he had the pleasure of telling one of the evidently annoying women (I believe a case of too many returned goods), that he was closing her account and preferred that she did not buy in the store—*not even for cash.* The woman happened to be very active in civic affairs, as was evidenced by the fact that she was chairman of the Women's Division of the Community Chest.

No doubt this had been a very annoying account and probably an unprofitable one but I venture to say that the credit man lost more for the house in the way he closed this particular account than the company would lose by continuing to deal with several like customers.

What are the results of such an incident?

I can surmise what went on in the background after this unpleasant affair:

1. Oh! How Mrs. Customer would blacken the eye of this particular store at her next bridge club!

2. She might air her feelings at the dancing party.

3. And the friends at dinner for the next month would get her side of the story, which of course never gives all the facts.

We just can't know how far-reaching such a case might be but we are sure this account (and its purchasing power), which might have been saved, is entirely lost along with an immeasurable amount of good will.

How might the case have been handled?

I would venture an experiment on it. This type of citizen is not intentionally upsetting the routine of any organization. Oh! How many disputes and complaints come about through lack of knowledge and understanding! I believe the credit manager could have used an approach something like this:

"Mrs. Smith, will you please spare me just a few minutes of your time this morning? There is a problem confronting me which I am sure you can help me solve.

"We are continually watching our overhead and trying to keep our expenses at a minimum and this is reflected in savings to our customers. That is why our prices are so reasonable. . . ."

At this point it might be advantageous to explain how efficiency is practiced in the organization with the idea of making the customer conscious of a *right* policy. I believe the customer's cooperation can now be gained on any fair policy.

I always like to consider the customer as our guest and treat her as such, no matter what the case may be!

If we could measure the good will and the amount of cash business that is lost through improperly declining credit and closing accounts carelessly, I am sure only persons specially trained in knowing human nature and having the art of getting along with people would be permitted to handle this most important duty.

"Oh! How Mrs. Customer would blacken the eye of this particular store at her next bridge club!"

*An address delivered at the Ninth District Conference, Denver, Colo., January 5-7, 1936.

If an average grocery account is retained on a cash basis, after credit is denied, five years' business would amount to $2,500.00. I am sure it is worth working for. (We may not get it all but the law of averages will compensate us for the effort.)

It is said a pessimist sees an obstacle in an opportunity and an optimist sees an opportunity in an obstacle. Here is a real challenge to each one of us.

It becomes easy to settle down and be satisfied with holding one's collections at the average in the community and thereby overlook a real opportunity—that of establishing a reputation of understanding human nature and getting along with people.

People in credit work must keep abreast of the sales program or they are apt to become like the frog which was placed in a pan of cold water. The water was heated to 50 degrees and the frog did not jump out even though it could have done so; the heat was increased to 160 degrees and the frog was cooked to death. The process was so gradual the frog didn't notice the change. We must be careful that we don't get "froggy." We should check up on ourselves by using our jobs as a laboratory.

The interview with the personnel director was indeed gratifying. He told of a leading citizen who had taken his time to tell the manager that if everyone in his organization was as courteous as the employees in the credit department, the business could not help but grow.

I don't know that anyone has the solution for "Getting Along With People," but here is what our concern is doing to get at the problem. The principle will apply to the small as well as the large company.

Once each week 25 department heads and key men sit in together and discuss a definite subject out of this winter's outline: "Making Friends Through Service." I believe there are about 400 years of experience represented in this particular group. What a real opportunity to be able to pass this training on to others! When a collection problem, sales or service problem is thrown on the table, you may be sure the solution of it will be the best.

Each of these 25 employees directs the discussion in a group of about 20 employees for one hour every week. Only three things are considered—*Customers, Company,* and *Employee.* The employe is developed through a study of—

"You—and new ideas" . . . "You—and new enthusiasms."

We study what is good procedure and, from handling actual cases, we arrive at a better solution of the problem.

A collector told me of a case he successfully handled after a discussion in the class.

He called on a shoemaker to collect a long-past-due bill and he received the usual stall that the merchandise was not satisfactory and the customer intended returning it. He thanked the customer for information and promised to report his trouble. A few days later he took a pair of his boy's shoes in for repairs and asked for advice on certain shoes. When he went for his shoes, the customer said, "I believe I will pay you that old bill and get it off my mind."

I always attend the sales conventions of our industry and sit in many morning meetings with our sales group. I get an insight on handling people, learn how to get along with them, and I find it is possible to apply practically all sales technic to credit work. The collectors can use the approach which the salesmen use and I believe the art of a canned speech can be used in credit work as is done in sales work. And then, after all, we must know the problem of selling, for that is the reason our companies are in business. Salesmen like you to show interest in their problems. That is another reason I mix in with them.

One might say, "What has this to do with collecting accounts?" Nothing! It has to do with building business, and every firm is trying to grow in sales.

Excluding Government relief, the American public received close to two billions more income in the first six months of 1935 than in 1934 and over seven billion dollars more than in the same period of 1933. The 1929 income was 78½ billion. The 1934 income was 49½ billion and the highest since 1931. As the buying power increases some companies will benefit more than others. Surely a policy of *Getting Along With People* will have much effect on getting your share of the increased business.

The comment below credited to Mr. Owen D. Young, of the General Electric Company, is a sentiment all of us should keep constantly in mind, whether we be employees of a corporation, of an association, or conduct a business of our own:

"Everyone has had bad mornings, hates to hear the telephone ring or see the door open. I beg of you, gentlemen, when next you meet such a morning take a stick of dynamite and blow up one of our plants, but do not take it out on a customer of the General Electric. We can replace the plant you have destroyed, we know its value, we have a reserve from which we can rebuild, but we cannot measure the good will you have destroyed."

CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

MUCH has been said about brevity in letters. "How long should a letter be?" is a question that is asked in every discussion of letters and, particularly, collection letters. Having always maintained that brevity in collection letters can be easily confused with bluntness, we were glad to find corroboration of that idea—expressed in lucid language—just recently.

Down in Fort Worth, Texas, Carl Wollner, who is now President of the Panther Oil & Grease Mfg. Co.—but who was formerly a credit manager and a charter member of the Dallas Retail Credit Men's Association—publishes the "Panther Lettergram" for the guidance of his employees.

From the issue of October 22, which is brimming over with good letter suggestions, we quote just one paragraph:

"Can our letter be too brief? Yes, indeed! And about the lousiest letters we've ever seen were evidently written by professional tightwads, afraid to use more than just one short paragraph to say, in the most abrupt (and discourteous) manner possible, what could more easily be said in a courteous, polite, and gentlemanly manner. There is always a golden middle-way in everything, and certainly in letter-writing."

Every collection letter should be written with a double purpose in mind. Primarily, to collect the account, if possible, of course. But secondarily, to leave the customer with the best possible impression of the store. By that, I mean that every collection letter should impress upon the customer that yours is a high-grade store, one worthy of his patronage—*and deserving of his cooperation in the matter of prompt payment of his account.*

* * *

The Christmas-New Year Season seems to have brought out an unusual number of good letters and folders thanking customers for their patronage. Properly, we should hold these until next Fall and then give them to you as suggestions for use in the next holiday season. Frankly, though, we feel these are too good to keep, so may we suggest that you file them for future use?

Figure 1 is an inspirational folder of the highest type. Only the first page and the bottom flap of the inside are shown but the text (on the inside) carries a message that is a gem:

To Our Friends

On the Fourth Floor, in an isolated corner of this great store, there is a room which no customer has ever seen. In it is the greatest collection of valuables in Missouri. You probably picture a huge safe stored with jewelry or securities. If you guess these things, you will not even be warm . . . give up?

The collection to which we refer is our charge list in which you are recorded. Great stores all over the world are made great by the names on their books. On our books in that little corner are the names of thousands of leaders and soon-to-be-leaders in the social, professional and business life of this community.

We are addressing you as one of those names to express our appreciation of your part in making this store great. We hope you associate the name of Stix, Baer & Fuller with pleasant and happy experiences. So many customers write and say to us that they do, that we have grown quite sentimental about it.

We take the approach of the new year as an opportunity of sending good wishes and of expressing the earnest hope that we may be able to add to your enjoyment of the pleasures 1936 holds for you.

The Management of
STIX, BAER & FULLER.

Next, note *Figure 3*. A. C. Wehl, Manager of the Credit Department of Gimbel Brothers, writes:

On December 31, we mailed this letter, with the December statements, to every charge customer. Approximately 50,000 charge customers received it and the reaction has been most surprising. We received telephone calls, letters and personal calls daily from charge customers telling us how much they appreciated this gesture. I don't know of anything we have done in the way of goodwill promotion that has had such favorable reaction.

We also ran a copy of the same letter in all the Milwaukee daily papers.

Now for collections: *Figure 2* shows one of a series of six statement-letter forms which is being used successfully for the collection of small accounts.

Figure 4 is a clever tie-up with the current popular song, which has everyone "going 'round and 'round." This letter, Miss Marion O. Brooks, Credit Manager of Belisle's, writes, "is truly 'seasonal' and was used throughout January with good results."

And, finally—here is a letter *that collected approximately 76½ per cent on accounts 90 days old* (and older). Mailed by Miss Marion A. Leleu, Credit Manager of the Brown-Dunkin Co., to 283 customers whose accounts were at least 90 days old and totaled $2,306.03, it brought 230 responses (81½ per cent) and payments to the amount of $1,764.06. (*See Figure 5.*)

In addition, many of the customers wrote expressing their appreciation of the courteous tone of the letter!

①

HAPPY NEW YEAR!

STIX, BAER & FULLER

(GRAND-LEADER)

PHONE LAKESIDE 2800

718-730 MYRTLE STREET

Market Laundry Co., Inc.

TREAT YOUR CREDIT AS A SACRED TRUST

Oakland, Calif., ____________

Balance Rendered $______

Amount Paid $______

New Balance $______

②

(S) DETACH AND RETURN THIS STUB TO US WITH YOUR CHECK
YOUR CANCELLED CHECK WHEN RETURNED BY YOUR BANK IS YOUR RECEIPT

Really, this is the fifth letter, and we have no reply to the other four, nor a check--nor anything else!

We are now facing a situation on your account which is disturbing our peace of mind. Please don't make us lose patience with you!

Send in your check by return mail!

Market Laundry Co., Inc.

FOR YOUR CONVENIENCE WE EXTEND CREDIT 30 DAYS ONLY ALL ACCOUNTS MUST BE PAID ON OR BEFORE THE 10TH OF EACH MONTH 6 PER CENT CHARGED ON OVERDUE ACCOUNTS

GB

GIMBEL BROTHERS

MILWAUKEE

NEW YORK PHILADELPHIA PITTSBURGH

OFFICE OF THE VICE PRESIDENT

December 1935

③

Dear Customer:

We now come to one of those rare moments in life when we can forget the daily routine and cares of the business world.

It is a time when one feels a kindliness towards all the world, a desire to make others happy and bring cheer to all relationships.

Looking back over the pathway of the past ninety-three years of our progress, we feel certain that the success of our business has been made possible by fine folks like you.

In token of our appreciation of our pleasant business relations with you this past year, we extend to you our sincere wish for a happier, healthier and more prosperous New Year.

I know of no better way to prove our appreciation than to personally promise that Gimbels will give you the best in the way of merchandise, price and courteous service in - Nineteen Thirty Six.

Most cordially yours,
GIMBEL BROTHERS, INC.

O. Greenwald
J.B.

Vice President.

TAILORS SHIRTS TO MEASURE CLEANERS

Belisle

BATON ROUGE LOUISIANA

January 15, 1936

④

Mr. John Doe
Baton Rouge, Louisiana

Dear Mr. Doe:

"The Music Goes Round and Round" —— that's all you hear, from the north, east, south and west, every night on the radio! And that's all you hear from the sound trucks on the street! And now, all I can think of when I start this letter is, "the MONEY goes round and round!"

Yes, that's true! The money does "go round and round." From the customer to the merchant to the manufacturer back to the worker and customer —— in a never-ending chain. And when any link of that chain is slowed down, it slows down the whole machine.

I wonder if you realize that just at present you have slowed down your link in the chain —— in other words, we have not had a check covering your November account; consequently, we have had to slow down our payments to the manufacturer, and he in turn has slowed down his payment to the worker.

A check for $24.50 from you at this time will help us start the "money going round and round." It will come back to you in time.

Yours very truly,

Credit Manager.

NEW YORK OFFICE
130 WEST 31ST STREET

FOREIGN OFFICES
LONDON BELFAST
PARIS BRUSSELS
BERLIN LYONS
VIENNA KOBE
FLORENCE ST GALL
CHEMNITZ FRANKFORT

BROWN-DUNKIN CO.

PHONE 2 7101

4TH AND MAIN STREETS

TULSA, OKLA.

⑤

Would you kindly examine the status of your account as shown below, and advise us within the next few days, or at least before the just when we may expect to receive your check?

An audit of our accounts receivable has just been completed and an objection has been made to the method in which you have been handling your account. Perhaps it has been our fault in not carefully explaining that charge account terms require payment in full on or before the 10th of the month for purchases made during the previous month. Or, perhaps, you have had some unexpected expense which has prevented payment.

We know that we can count on your cooperation in the future and we take this opportunity to thank you for your patronage.

May we hear from you by return mail, using the enclosed stamped envelope? Just write your answer on the bottom of the page.

Thank you.

Very sincerely yours,

BROWN-DUNKIN COMPANY

Department of Accounts

Brown-Dunkin: You will receive my check on ____________ (Date)
Or, check attached for ____________ (Months)

Signed____________

How 64 Stores Sell Wearing Apparel On Deferred Payment Plans

By ARTHUR H. HERT
Research Director, National Retail Credit Association

A companion study to the one published in the December, 1935, issue, entitled "A Study of the Sale of All Types of Merchandise on Deferred Payments"

IN THE December, 1935, issue of The CREDIT WORLD we published a résumé of our study on *the sale of all types of merchandise on the deferred payment plan.* Of the 143 stores that returned our questionnaire, 32 sold all types of merchandise including wearing apparel on the deferred payment plan while 97 sold only wearing apparel on this plan.

Following is the analysis of the returns (from the 97 stores in the latter classification) as well as the answers to the questionnaires:

	No.	Per Cent
1—(a) Stores selling *all types* of merchandise including wearing apparel on the deferred payment plan	32	22.4
Stores selling *only wearing apparel* on the deferred payment plan	97	67.8
Stores selling *no merchandise* on the deferred payment plan	14	9.8
Total	143	100.0

	No.	Per Cent
(b) Stores selling *only wearing apparel* on the deferred payment plan	97	100.0
Questionnaires completely filled out	64	65.9
Incomplete questionnaires	33	34.1

2—(a) When was the plan of selling wearing apparel on the deferred payment plan adopted?

	No.	Per Cent
"Many years ago"	36	56.2
1915	1	1.6
1920	1	1.6
1921	1	1.6
1922	1	1.6
1925	2	3.1
1931	5	7.8
1932	3	4.7
1933	1	1.6
1934	5	7.8
1935	8	12.4
Total	64	100.0

(b) Is a down payment required?

	No.	Per Cent
Yes	59	92.2
No	2	3.1
"Optional"	2	3.1
No reply	1	1.6
Total	64	100.0

(c) What are the maximum terms?

	No.	Per Cent
2 months	1	1.6
3 months	20	31.3
4 months	5	7.8
5 months	4	6.2
6 months	18	28.1
9 months	2	3.1
10 months	5	7.8
12 months	5	7.8
24 months	1	1.6
"Varies with article"	2	3.1
No reply	1	1.6
Total	64	100.0

3—(a) Was the plan announced in newspapers, enclosures, etc.?

	No.	Per Cent
Yes	46	71.9
No	18	28.1
Total	64	100.0

(b) What was the customer reaction?

	No.	Per Cent
Favorable	37	57.9
Fair	12	18.7
Did not know	15	23.4
Total	64	100.0

4—(a) Was an undesirable class of customers attracted?

	No.	Per Cent
Yes	20	31.2
No	37	57.8
No reply	7	11.0
Total	64	100.0

(b) The majority of customers requesting merchandise on this plan were:

	No.	Per Cent
New Charge	37	57.9
Cash and New Charge	4	6.2
C.O.D. and Will Call	2	3.1
Will Call	2	3.1
All classes	3	4.7
No record	16	25.0
Total	64	100.0

5—(a) What percentage of applications were for merchandise on this plan?

	No.	Per Cent
1 to 10 per cent	12	18.7
11 to 20 per cent	3	4.7
21 to 30 per cent	4	6.2
31 to 40 per cent	..	....
41 to 50 per cent	4	6.2
51 to 60 per cent	1	1.6

	No.	Per Cent
61 to 70 per cent	1	1.6
71 to 80 per cent	2	3.1
No record	37	57.9
Total	64	100.0

(b) What percentage of applications were rejected?

	No.	Per Cent
1 to 5 per cent	16	25.0
6 to 10 per cent	7	11.0
11 to 15 per cent	2	3.1
16 to 20 per cent	3	4.7
21 to 25 per cent	1	1.6
26 to 30 per cent	..	....
31 to 35 per cent	2	3.1
36 to 40 per cent	1	1.6
41 to 45 per cent	..	....
46 to 50 per cent	3	4.7
51 to 75 per cent	1	1.6
No record	28	43.6
Total	64	100.0

(c) What is the percentage of such sales to monthly charge account sales?

	No.	Per Cent
1 to 5 per cent	15	23.4
6 to 10 per cent	5	7.8
11 to 15 per cent	5	7.8
16 to 20 per cent	1	1.6
21 to 25 per cent	2	3.1
26 to 30 per cent	3	4.7
50 per cent	1	1.6
No record	32	50.0
Total	64	100.0

6—(a) Did the plan increase or decrease your monthly charge account volume?

	No.	Per Cent
Increased	32	50.0
No change	11	17.2
Decreased	2	3.1
No record	19	29.7
Total	64	100.0

(b) Do you have a special collection follow-up for this type of sales?

	No.	Per Cent
Yes	40	62.5
No	11	17.2
No reply	13	20.3
Total	64	100.0

(c) What have been your experiences in the collection of such accounts?

	No.	Per Cent
Good	27	42.2
Satisfactory	16	25.0
Poor	3	4.7
No record	18	28.1
Total	64	100.0

7—Has the plan in any way affected the store's prestige?

	No.	Per Cent
Yes	6	9.4
No	38	59.4
Did not know	20	31.2
Total	64	100.0

8—(a) How many stores in your city have adopted the same or similar plans?

	No.	Per Cent
All	16	25.0
Majority	5	7.8
Few	17	26.6
None	3	4.7
Did not know	23	35.9
Total	64	100.0

(b) Have deferred payments on this plan been standardized in your city?

	No.	Per Cent
Yes	10	15.6
No	37	57.8
Did not know	17	26.6
Total	64	100.0

Conclusions

Conclusions from the foregoing data:

1. More than one store out of every three sell wearing apparel on the deferred payment plan.
2. Over 50 per cent of the stores have been selling wearing apparel on this plan for many years, the balance having adopted this plan during the past fifteen years.
3. Down payments were required by practically all of the stores and the maximum terms range from two months to two years.
4. The plan was announced in newspapers, enclosures, etc., by three-fourths of the stores and the customers' reactions were favorable in over one-half of the stores.
5. Less than one-third of the stores stated that an undesirable class of customers was attracted by the plan while the majority of the customers requesting merchandise on this plan were new charge customers.
6. The plan increased the monthly charge account volume in one-half of the stores; two out of every three stores maintain a special collection follow-up for this type of sales; collections have been good to satisfactory and the plan has in no way affected the stores' prestige.
7. All of the stores in one-fourth of the cities have adopted the same or similar plans; however, only 16 per cent of the cities have standardized the terms.

Additional Comments

Charlotte, N. C.—"The terms on our fur coat deferred payment plan are as follows:

Aug., 1935, 20 per cent cash, 20 per cent per mo. 9-10-11-12—No C. C.

Sept., 1935, 25 per cent cash, 25 per cent per mo. 10-11-12.

Oct., 1935, 33 per cent cash, 33 per cent per mo. 11-12.

Nov., 1935, one-half cash, one-half December.

"In case of last two months, exceptions have been made, but carrying charges are made ½ of 1 per cent for each month on total deferred balance if carried beyond December, 1935.

For example:

Sale 10-12-35—

\$100.94—\$20.94—\$20.00 11-12-1 & 2

.80 (1 per cent total deferred for C. C. for 1 & 2-36)

\$21.74 Total cash."

Jackson, Miss.—"We had practically no applications for credit under this plan. Our winter season begins late, and in nearly every case the customer preferred the lay-away plan, with the understanding that we would

(*Continued on page* 30.)

Securing Business from Inactive Accounts

(*Continued from page* 15.)

The plan of following up all inactive accounts for a period of one year will not obtain 100 per cent response and there will always be some who will not buy on their accounts during that period.

Because of the possible change in the customer's credit record and buying habits during that period of one year, it is advisable to get a revised credit report from your Bureau and if it indicates that the customer is still in good standing and buying on credit from some other source, a special appeal should be made to regain her patronage. The letter shown (*Figure 1*) is an example of the possible approach (*see page* 15.)

This letter was sent to a group of 553 accounts which had been inactive for over one year. After 30 days it was found that 131 or 25 per cent of them had responded, purchasing a total of $2,749.39 or an average purchase of $20.99 each. Also, 48 of them or 9 per cent answered and said they had been trading for cash or had been buying very little anywhere on charge accounts but expected to use their accounts again soon. The remainder of these accounts were included in a regular solicitation program every thirty days and have shown increased activity during the past three months.

Another classification of inactive accounts—those owing a small balance of $1.00 or less possibly had delayed making payment because of the small amount involved. A memo on the statements produced these results:

Of 123 accounts—total balances $123.63—49 purchased $279.85 during 30 days following (average purchase, $5.70) and 91 paid in full, $132.36.

There is still another classification of inactive accounts —often overlooked. I refer to accounts which may have a larger balance and have had a partial payment made during the following month after purchase. Yet their record of payment in the past has always shown a settlement in full each month. But the balance due is not the maximum amount of credit which you would be willing to extend.

On June 1, 1935, a memo (see *Figure 2*) was put on 365 statements of this type. The results are as follows:

Total of balances owing, $2,824.12; 139 added purchases during 30 days, $1,179.69; 289 paid accounts during 30 days, $2,071.84 or 74 per cent of balances owing. Average new purchase, $7.17. Cost of mailing, $8.68 or .73 per cent of new purchases.

There should always be a letter of acknowledgment of the first purchase made in response to your letter soliciting the use of an inactive account. This will make the customer feel that you are indeed watching the activity of her account very closely. The following letter is suggested:

Dear Madam:

We were very glad to find another purchase entered on your account a day or two ago, and wish to thank vou for giving us the privilege of serving you again.

Naturally, we were concerned when your account had not been active recently, and we want you to know that we appreciate your continued patronage.

Never before has it been so necessary that the Credit Department "know its customers." It is not enough to know how to approach them without offense to collect the amount due, but it is also necessary to know them well enough to promote new business through the contacts their accounts afford to the Credit Department.

December Trends - - A Fast-Reading Review

(*Continued from page* 11.)

were off 5 per cent due to public works program being temporarily shut down during October and November. Ada, Okla., reported an increase in credit sales due to increased activity in the nearby oil fields. Collections in Hobart, Okla., increased 18 per cent in spite of a health quarantine for two weeks during December. Credit sales increased 19 per cent in Stillwater, Okla., due to increased government activities as well as higher prices for farm products.

Collections in Texas ranged from a decrease of 3.2 per cent in Austin to an increase of 45 per cent in Pampa. The latter increase was due to an increase in oil field activities in the surrounding territory. Credit sales increased 12.5 per cent in Breckenridge—some clothing and department stores reporting an increase of 20 per cent. Collections in Waxahachie increased 5 per cent due primarily to the payment of cotton, corn, and hog checks to the farmers in surrounding area.

An increase in cash sales resulted in a decrease in credit sales in Canon City, Colo., during December. Collections in Cheyenne, Wyo., did not keep up with credit sales during December. On the other hand, holiday buying was well distributed throughout the entire month, and practically all merchants were well satisfied with their showing. Credit sales in Laramie, Wyo., increased 30 per cent due to an increase in employment on the Union Pacific RR., Monolith Portland Cement Co., Forest Products Treating Co., and an increased enrollment at the University of Wyoming.

Lewiston, Idaho, reported an increase of 10 per cent in credit sales attributed to the farmers in the surrounding territory receiving their wheat allotment money from the government.

Collections decreased 20 per cent in El Centro, Calif., due to a late lettuce season and low prices for vegetables. Credit sales and collections were good in Huntington Park, Calif., due to an increase in employment. Collections in San Diego were fair due to Christmas shopping as well as the payment of annual taxes. Credit sales, however, were good owing to an increase in employment.

Collections as well as credit sales were good for all cities reporting in Canada. Improvement in the unemployed situation is in evidence and the people are more optimistic about the future.

Salt Lake City Election

The Associated Retail Credit Men of Salt Lake City, Utah, on January 21 elected the following officers: Alex J. Jex, People's Finance and Thrift Co., President; J. L. McGhie, Auerbach Co., Vice-President; Fred E. Pike, Walker Bank & Trust Co., Treasurer. Wm. A. Perkes was reelected as Secretary-Manager. Directors elected were: Coleman D. Creel; Horace W. Shurtleff; W. E. Naylor; R. E. Langton; H. LeRoy Frisby; and Harry P. Earl. Mr. Earl is the newly elected President of the Ninth District of the N. R. C. A.

National Membership Campaign Notes

Increase Most Gratifying

REPORTS from all sections of the country indicate that the National membership drive is gaining added momentum now that the rush of holiday business is over. Also, the increase in new memberships being received at the National Office is most gratifying.

General Manager-Treasurer Crowder, who is at present on a trip covering the Southwest and the South, reports that all the cities he has visited have promised nice increases in membership prior to the National convention. In other sections of the country many of the local associations are building up their membership and endeavoring to enroll large delegations to the National convention.

* * * *

Steubenville Setting Fast Pace

Steubenville, Ohio, which is organizing a National unit, reported 36 new members last month and according to a letter from Robert C. Greenburg, Manager of the Associated Credit Bureaus, expects to enroll 50 additional members within the next 30 days. We quote from his letter:

"I presume you have already heard from President Driver who came down here to address our meeting on January 22, at which time we had 155 present, and we believe we will have out of that group that attended about 50 additional memberships."

* * * *

A New Unit in Pennsylvania

The Retail Credit Men's Association of Delaware County was recently organized in Upper Darby, Pa. Ralph O. Hall, Manager of the Delaware County Credit Bureau, in sending in the first five applications writes: "This is our first real start to try to return in part what the National has done for us and we have prospects of from 45 to 50 members."

* * * *

"The Credit World and the National Association Sold Themselves!"

And finally, the following letter from T. J. Mangin, Jr., Credit Manager of William D. Hardy and Co., Muskegon, Mich., speaks for itself:

"The writer wishes to acknowledge at this time your article in the January issue of The CREDIT WORLD in regard to the number of new members secured for the National Association in Muskegon.

"It really makes one feel as if an unusually great amount of work was done to accomplish this result, but in reality The CREDIT WORLD and the National Association sold themselves, for in no instance was a local member contacted who was not 100 per cent from the beginning for the National membership and especially a subscription to The CREDIT WORLD.

"I sincerely feel that to increase National membership it is simply a case of contacting prospects and explaining what benefits you yourself have derived from such a membership."

Membership Standing

New Members Enrolled—June 1, 1935 to January 28, 1936

	Region	State	City
DISTRICT No. 1	54		
CONNECTICUT		6	
Miscellaneous			6
MASSACHUSETTS		32	
Springfield			20
Miscellaneous			12
RHODE ISLAND		16	
Providence			16
DISTRICT No. 2	109		
NEW JERSEY		3	
Miscellaneous			3
NEW YORK		106	
New York City			92
Miscellaneous			14
DISTRICT No. 3	30		
FLORIDA		17	
Miscellaneous			17
GEORGIA		10	
Miscellaneous			10
NORTH CAROLINA		2	
Miscellaneous			2
SOUTH CAROLINA		1	
Miscellaneous			1
DISTRICT No. 4	54		
ALABAMA		16	
Birmingham			13
Miscellaneous			3
KENTUCKY		2	
Miscellaneous			2
LOUISIANA		1	
Miscellaneous			1
MISSISSIPPI		1	
Miscellaneous			1
TENNESSEE		34	
Memphis			19
Miscellaneous			15
DISTRICT No. 5	129		
ONTARIO, CANADA		15	
Ottawa			14
Miscellaneous			1
MICHIGAN		21	
Muskegon			17
Miscellaneous			4
OHIO		93	
Akron			19
Cleveland			26
Steubenville			36
Miscellaneous			12
DISTRICT No. 6	90		
MANITOBA, CANADA		1	
Miscellaneous			1
IOWA		41	
Des Moines			14
Mason City			22
Miscellaneous			5
MINNESOTA		36	
Minneapolis			32
Miscellaneous			4
NEBRASKA		11	
Miscellaneous			11
WISCONSIN		1	
Superior			1
DISTRICT No. 7	135		
ARKANSAS		4	
Miscellaneous			4
KANSAS		23	
Wichita			18
Miscellaneous			5
MISSOURI		106	
Kansas City			42
St. Louis			62
Miscellaneous			2
OKLAHOMA		2	
Miscellaneous			2
DISTRICT No. 8	32		
TEXAS		32	
San Antonio			17
Miscellaneous			15
DISTRICT No. 9	45		
COLORADO		39	
Denver			33
Miscellaneous			6
NEW MEXICO		3	
Miscellaneous			3
UTAH		1	
Miscellaneous			1
WYOMING		2	
Miscellaneous			2
DISTRICT No. 10	65		
BRITISH COLUMBIA		4	
Miscellaneous			4
ALBERTA		26	
Calgary			26
MONTANA		2	
Miscellaneous			2
OREGON		1	
Miscellaneous			1
WASHINGTON		32	
Spokane			17
Miscellaneous			15
DISTRICT No. 11	142		
ARIZONA		4	
Miscellaneous			4
CALIFORNIA		134	
Los Angeles			25
Oakland			55
San Francisco			41
Miscellaneous			13
HAWAII		4	
Miscellaneous			4
DISTRICT No. 12	279		
DELAWARE		1	
Miscellaneous			1
DISTRICT OF COLUMBIA		19	
Washington			19
MARYLAND		25	
Baltimore			25
PENNSYLVANIA		226	
Pittsburgh			213
Miscellaneous			13
VIRGINIA		6	
Miscellaneous			6
WEST VIRGINIA		2	
Miscellaneous			2
DISTRICT No. 13	45		
ILLINOIS		7	
Miscellaneous			7
INDIANA		7	
Miscellaneous			7
WISCONSIN		31	
Milwaukee			27
Miscellaneous			4

Success of Retail Credit Survey
Of U. S. Department of Commerce
Depends on Your Cooperation

THE National Retail Credit Association, at its Convention in Providence, R. I., in 1927, adopted a resolution requesting the Department of Commerce to undertake a nation-wide survey of retail credit. In September of that year a committee of the Association urged the (then) Director of the Bureau of Foreign and Domestic Commerce, Dr. Julius Klein, and the (then) Director of the Budget, General Herbert Lord, to undertake the survey.

Dr. Klein's reaction (and that of the Department of Commerce) was favorable but an obstacle in the matter of budgetary arrangements was encountered. Nothing daunted, the National Retail Credit Association appealed to Congress and finally succeeded in getting Congress in February, 1928, to appropriate necessary funds for the conduct of the survey.

Purpose of the Survey

The primary purpose of the survey was to furnish definite, reliable data upon which the extension of retail credit could be predicated. That data was to be obtained from representative stores throughout the country with the active support of the Association. As these stores could make their returns in strictest confidence to the United States Government through the Department of Commerce, it was felt that a much larger percentage of returns would be made possible by this procedure.

Inauguration

The National Retail Credit Survey was inaugurated in preliminary form during the early part of 1928 and schedules for national coverage forwarded to merchants (in twenty-five principal kinds of retail business) in August of the same year.

This study included, among other things, data on kinds and extent of credit business, returns and allowances, bad-debt losses, and percentages of open and installment accounts receivable paid monthly. With the exception of sales data, figures covered the year 1927. For the exception noted, data were requested for the years 1925, 1926 and 1927, and on the basis of total sales on a cash, open credit and installment basis.

Findings

The results of the nation-wide survey, announced early in 1930 through the press and trade magazines, indicated great possibilities for cutting costs, reducing waste, and increasing efficiency in distribution. It was found among other things that some retailers sustained heavy losses on credit extended and that the turnover in accounts receivable was exceedingly low.

High percentages of returned merchandise were found to exist in various lines of retail trade. The returning of merchandise, as the survey disclosed, had reached large proportions and as the expense attending such returns is a business expense it was of necessity reflected by that much in the increased price of merchandise. Due to this fact, those who were carelessly making their selections in the stores were contributing, unwillingly, to the price of merchandise that they were paying.

Authorities indicate that had such statistics (contained in the Survey) been available for the period from 1920 to 1929, the crash of 1929 might not have taken place or, at least, its effects could have been greatly minimized.

Succeeding Surveys

Upon the completion of the nation-wide survey, the National Retail Credit Association requested the Department to collect this extremely useful information on a regular basis. The department, while not able to undertake this work on an extensive scale, found it possible to comply with the request by collecting reports semiannually for six types of stores in 29 cities of the country.

The first report of a series of eight conducted on a semiannual basis covered the periods of January to June, 1929 and 1930, and revealed that despite decreased business activity during the first half of 1930 there were no disturbing changes in retail credit conditions. The figures showed that collection percentages decreased slightly and bad-debt losses increased slightly during 1930.

The succeeding reports showed a steady adverse trend in these respects, however, but all the adverse changes with regard to credit seemed to be small and indicated that retail credit withstood the test of business recession in an unexpectedly satisfactory manner. As an explanation of the comparatively stabilized credit conditions that existed from 1930 through 1933, it has been suggested that credit managers adapted themselves to the situation and became increasingly efficient.

It was decided, in 1934, to place the semiannual surveys on an annual basis and broaden the scope of the report to include a greater variety of retail trade as well as a larger geographical representation. Accordingly, the first annual survey was made in 1935, covering the years 1933 and 1934, and expanded with respect to number of trades and cities. In its expanded form, the study included twelve kinds of retail business located in seventy-nine cities.

The results, which were made available in May, 1935, revealed some striking changes with regard to credit extension. Losses resulting from bad debts averaged one-half less on open and installment accounts for the year 1934 as compared with 1933. For the first time in four years, there appeared a definite reversal of trend in the matter of proportions of total sales on a credit basis. From 1929 through the early summer months of 1933, the ratio of credit to total sales was consistently lower. However, the previous downward trend was reversed at that time (1933), thus reflecting increased confidence on the part of retailers in extending credit to their customers,

as well as the increased confidence of consumers in paying for their purchases out of future income.

When these annual reports are compared with previous reports, business has the necessary information upon which to predicate expansion or restriction of credit—the green and red signal lights of commerce. This information should be especially valuable to bank executives and it is suggested to such executives that a study of these surveys should be supplemented by bank executives designating a bank official (from each bank) to become active in local retail credit association ranks and to familiarize himself with credit trends in sales to the consumer.

When the consumer is prosperous, the country is prosperous but, when he is contracting his purchases and slowing up in his payments, the country is not progressing. For this reason, bankers and all types of business should know from day to day, through membership in the N. R. C. A. and its work, such as the retail credit survey, how the consumer is performing.

Discussion

The present study (now in progress), covering the full years of 1934 and 1935, embodies features of credit extension that should be of outstanding interest to every credit granter. Questions and answers thereto will serve to illustrate some of the significant aspects of this continued research in the retail credit field.

Q. How comprehensive is the 1935 Retail Credit Study?

A. Fourteen principal kinds of retail stores located in 89 important cities of the country will be represented.

Q. On what basis were the kinds of stores selected?

A. According to volume of credit sales. The 14 kinds of stores combined constitute over two-thirds of the total volume of credit sales in the country.

Q. What is the primary purpose of the study?

A. The published results will serve as a chart or guide for the merchant in the conduct of his business. The individual merchant, knowing his own experience in the matter of credit extension, can compare it with that of groups of merchants operating under similar conditions and govern himself accordingly.

Q. Will the figures furnished by cooperators be confidentially handled?

A. The Department will give a serial number to each concern and its report immediately upon its receipt, and will then detach this part containing the name of the firm from the body of the report and will keep this means of identification in the hands of a responsible officer.

Q. How will the results be published?

A. Only in percentage form and shown principally by groups, thereby precluding the possibility of any one firm's figures being identified.

Q. What is the purpose of collecting sales data?

A. Sales data, broken down by proportions of business transacted on a cash, open credit and installment basis according to trade, region, and in some cases by cities, will enable merchants to decide whether to expand or contract credits, in the light of trends revealed by the combined statistics. What proportion of total sales should be normally accounted for by stores dealing in commodities of low unit value and by cash customers, where purchases on that basis are either by preference or their inability to meet credit requirements, will be answered by composite figures on the subject.

Q. Of what value are collection ratios on accounts receivable as set forth in the study?

A. Because of the attendant costs in carrying accounts receivable where collections are below normal and a consequent lowering of profits, a merchant can hardly afford to fall behind in his collection activity. Comparison of his experience with the average prevailing in the community should result in the adoption of aggressive collection methods where the proper turnover in accounts does not exist.

Q. Is the growth of installment selling proceeding beyond reasonable limits?

A. The results of the study will reveal the length of time in which consumers are paying for installment purchases. This, correlated with losses from bad debts and increases registered in installment business, affords basic material for analysis of the situation.

Q. The extension of credit serves to stimulate volume of sales but is this practice profitable?

A. Figures collected by the study on bad-debt losses will reveal the extent to which credit sales become uncollectible, thus paving the way for the contraction of credits by any merchant where his experiences in this phase of operation are out of line with the average.

Q. Do retailers use credit bureau facilities and similar agencies in opening up accounts for customers?

A. The practices of merchants in this regard will be shown and perhaps correlated with bad debt loss information to determine the efficacy of such a procedure.

Q. When will the results of this study be available?

A. The issuance of the report depends upon the speed with which merchants make their returns. If the bulk of returns are received by the end of February the published report should be in the hands of the public by March 20.

Q. How will merchants be notified of the findings?

A. All cooperating merchants will be furnished with a gratis copy of the report in return for their cooperation. Moreover, articles based on the study will appear in local newspapers and trade magazines.

This article has been prepared by the Washington representative of the National Retail Credit Association, with the aid of Department of Commerce officials, for use as a guide to speakers of the N. R. C. A., during February, 1936, at association luncheons or dinners or other gatherings. It is suggested that each legislative chairman of a local association endeavor to arrange a luncheon or dinner with local business bodies, such as Chambers of Commerce, Rotary and Kiwanis clubs, credit associations, etc., and at these luncheons or dinners have a designated speaker present to talk on the retail credit survey.

The questionnaires, in simplified form, are now being mailed by the Department of Commerce to retail units and it is for this reason that the month of February has been selected as an appropriate time for each local association to bring to the attention of its field of activity the value of this survey to business and the part the National Retail Credit Association is playing in it. It is also suggested that speakers write to National Headquarters the reaction of their audiences to their remarks.

NATIONAL LEGISLATIVE COMMITTEE: W. J. Morgan (*Chairman*), Brooks Brothers, New York, N. Y.; H. R. Teubner (*Vice Chairman*), Strawbridge & Clothier, Philadelphia, Pa.; H. E. Armstrong, James McCreery & Co., New York, N. Y.; G. E. Harris, The May Company, Baltimore, Md.; L. W. Hilbert, Stewart & Company, Baltimore, Md; R. P. Shealey, Washington Counsel, Colorado Bldg., Washington, D. C.

Credit News Flashes--
Personal and Otherwise

Spokane's Annual Election

The Spokane Retail Credit Association, following its annual banquet on January 16, elected the following officers: F. L. Croteau, Diamond Ice and Fuel Co., President; E. L. Rowles, McGoldrick Lumber Co., Vice-President; and R. T. Schatz, Washington Water Power Co., Treasurer. N. M. MacLeod is permanent Secretary. Directors: E. W. Rongren, Ellen Healy, H. A. Replogle, and S. C. Haddock.

New York Association Conducts Retail Credit Practice Course

The annual course in "Retail Credit Practice" conducted by the Associated Retail Credit Men of New York City, Inc., will start at New York University, February 5. Joseph H. Zelch, Credit Manager of Gimbel Bros., and Chairman of the Educational Committee, will be in charge.

F. G. Clegg Reelected President of the Ottawa Credit Exchange

F. G. Clegg, Credit Manager of the R. J. Devlin Co., Ltd., was reelected President of the Ottawa (Canada) Credit Exchange at the annual meeting held recently. This is Mr. Clegg's third term as President.

H. S. Britton of Murphy-Gamble, Ltd., was elected Vice-President and Mrs. Ruth Wright, Secretary-Treasurer and Manager of the Exchange. Directors: G. S. Murray, F. A. Matatall, M. A. Mahoney, L. A. Burpee and H. G. Munro.

V. J. Gigl, Assistant Manager of the Retail Credit Association of Lancaster, Pa., sends copies of a booklet entitled "Retail Credit, Its Procedure and Control," which is used to educate the credit-buying public.

The Association during the month of December distributed 30,000 of these booklets to their members. The members enclosed these with their December first statements and also gave a copy to each new applicant for credit.

Anyone interested may secure copies of this little booklet by writing Mr. Gigl at the above address.

Greeley, Colorado, Has Community Credit Policy

The Weld County Credit Association and the Retail Merchants Bureau of Greeley, Colo., have a community credit policy which has been in effect since November 1, 1935. Since that date a minimum carrying charge of two-thirds of 1 per cent has been added on all balances more than 30 days old. Retail charge accounts are divided into three classes: monthly charge accounts, seasonal accounts of farmers and farm laborers, and deferred or installment accounts.

Monthly accounts are due on the first of the month following purchase and payable not later than the tenth. If they are not paid before 30 days after the due date, the carrying charge is added. Seasonal accounts are subject to the carrying charge commencing the first of the month following the opening of such accounts.

The plan was announced in newspaper advertisements as well as enclosures with statements.

New Haven Election

The New Haven (Conn.) Retail Credit Association at its annual election, January 16, named the following officers: Wm. B. Davis, President; Cornelius F. Connelly, First Vice-President; Herbert C. Holman, Second Vice-President; Charles H. Farrell, Recording Secretary; Mrs. Theresa Falcigno, Financial Secretary and Treasurer; and Louis R. Gelinas (the retiring President) Chairman of the Board of Directors.

The Lincoln (Neb.) Retail Credit Association is already planning to send a large delegation to the National Convention in Omaha next June.

The Kansas City Association has a Credit Analysis Club, organized for the study of credit problems.

Casper, Wyoming, Latest City to Adopt a Community Credit Policy

C. L. Lierd, Manager of the Casper (Wyo.) Credit Exchange, Inc., reports that twenty firms are participating in a community credit policy which became effective January 1. A carrying charge of 1 per cent per month is added on any balance more than 30 days old. The plan was announced with a very effective newspaper advertisement which, in turn, announced that full explanation would come with statements "in an attractive folder."

News of the Credit Women's Clubs

The San Francisco Club recently elected Betty Green of Hale Bros., as President; Marion Lunt of Nellie Gaffney's, Vice-President; Hazel Brittian, O'Connor Moffatt & Co., Secretary; and Stephanie Dougherty, I. Magnin & Co., Treasurer. . . . The membership of the Oakland, Calif., Club now numbers 108. . . . The Credit Women's Breakfast Club of Norfolk, Neb., recently elected Mrs. Maybelle Drennan, President; Ruth Halverstein, Vice-President; Hilda Manke, Secretary; and Clara Berner, Treasurer. . . . The newly organized "Ladies' Credit Club" of Knoxville, Tenn., had 21 members present at its first meeting. . . . Winnipeg organized the "Credit Women's Breakfast Club" in December.

Dallas Association Entertains Crowder

Twenty years ago, the Dallas Retail Credit Men's Association was founded. The man responsible for the organization of this Association was L. S. Crowder, then Credit Manager and Secretary for W. A. Green's department store of Dallas.

So, his visit to the Dallas Association on January 16 was regarded as a home-coming event. Many of the charter members were present, although quite a few have passed on to join the ranks of the immortal.

The Dallas Association has been meeting weekly since January of 1917, and there have been over a thousand continuous meetings of the organization.

Our meeting of January 16 was dedicated to Mr. Crowder. Our President, Mr. J. P. Olive, Credit Manager of Titche-Goettinger Company, presided, and entertainment was furnished by the Bel-Canto Quartette, an organization that is nationally known. (Two of its members are members of the Dallas Retail Credit Men's Association.) Mr. Crowder was introduced by Mr. Charles A. Caldwell, who was first Vice-President of the Association and a charter member, having aided Mr. Crowder in the organization meeting of August 16, 1916.

Mr. Crowder gave an outstanding address and stressed the many points that make up a community credit policy. After the address, a rising vote of thanks was given him and he was then presented with a ten-gallon Mustang-Centennial-Texas Cowboy hat, and a number of new National memberships. The Association pledged at least fifty new memberships between now and June 1.

The meeting was held Thursday noon, the regular meeting day of the Association, and the attendance numbered about 150 of the leading credit men and business executives of the city. The attendance was the largest that the Association has had at a luncheon meeting in the past five years.

We enjoyed Mr. Crowder's visit immensely and we feel that it has been very beneficial to our organization.

—*J. E. R. Chilton, Jr.*

Carl Widen's Wife and Sister Killed in Automobile Accident

To Carl T. Widen, Manager of Bohn Brothers, Austin, Texas, the National Office extends deepest sympathy over the loss of his wife and sister in an automobile accident near Belton, Texas, January 18.

With his wife and sister and three daughters, Mr. Widen was driving to Waco to attend a credit meeting at which General Manager-Treasurer Crowder was to have been the principal speaker. Near Belton his car skidded on an icy pavement and went over a ten-foot embankment. His sister, Miss Hilda Widen, was killed, and Mrs. Widen died a few hours later in a Belton hospital.

Edna, the 13-year-old daughter, was seriously injured, while Mr. Widen and the two other daughters were less seriously hurt. Because of the tragedy, the Waco meeting was postponed.

Mr. Widen is President of the Retail Merchants Association of Austin and is a member of the Board of Directors of the Retail Merchants Association of Texas.

The accident occurred in one of the worst blizzards of the year, snow and sleet making the roads practically impassable.

Partial view of Dallas Association's luncheon meeting—January 16, 1936.

How 64 Stores Sell Wearing Apparel on Deferred-Payment Plans

(*Continued from page* 23.)

allow three months to complete payment at the cash price. Beyond that time, we add a service charge of 5 per cent of the price of the garment. On the lay-away plan we get a down payment of at least 20 per cent."

Detroit, Mich.—"We have sold women's fur coats and better cloth coats on a conditional sales contract for a great number of years. The time we allow is determined by the individual application plus the time of the year the merchandise is sold. In other words, if the coat is bought in the fall, we would give six months, but we don't think it good policy to have a woman paying on a heavy winter garment in July or August when it is hot.

"In the spring we took quite a number of accounts that had made purchases on the deferred payment plan and were very satisfactory customers and sent them a letter advising them that they could now buy men's clothing on this deferred basis, the period not to exceed ninety days. We had a fair response to this and there was not one single instance of delinquency. Of course, these accounts were hand-picked and were no criterion. We did not announce it publicly in any medium, neither do we anticipate doing this because we feel that it might hurt our present prestige."

Lincoln, Neb.—"It has never been our policy to sell clothing on the deferred payment plan to any great extent. Our regular terms are for full payment of the account within thirty to sixty days, and occasionally we will extend the time in case of a large purchase, such as a fur coat. When credit extends beyond sixty days, there is a carrying charge of one-half of 1 per cent figured monthly on the balance. We have never advertised the deferred payment plan, and do not feel at this time that we would want to get into it."

Dallas, Texas.—"Our special account plan is applicable, under our plan of operation, only to cloth coats, furs and fur coats, where the sale price is $50.00 or more. Other items of wearing apparel are not placed on special accounts.

"Special accounts are opened only with people with whom we would open a regular monthly charge account. Practically all of these sales are handled on an open credit basis, the only difference being that payment is arranged in a period of four equal monthly installments rather than upon the usual thirty- to sixty-day plan.

"Mortgages are taken in the sale of fur coats only when we consider the risk involved a 'border line' case. Where mortgages are taken they are recorded. Considerable care is exercised in the handling of these accounts. A close collection follow-up is maintained and we have yet to make our first foreclosure. Our losses on special accounts have been very nominal."

Fort Worth, Texas.—"We have advertised special terms on coats where the price was from $75.00 up, but this is the only item sold so far in the ready-to-wear end of our business, on a budget basis. We try to hold accounts on coats to three or five monthly payments."

The Dalles, Ore.—"We are at present considering the advisability of going after more business on a deferred-payment basis."

San Francisco, Calif.—"We have a community credit policy limiting advertising to the *10-Weekly-Pay-Plan* and only for men's clothing.

"However, we offer our customers *without advertising,* a 90-day Budget Plan for men's and women's apparel on a basis of 20 per cent down and the balance one-third each month—no carrying charge. We have found the plan to be extremely successful with many accounts 're-peating' for spring and fall clothing.

"Our purpose in doing this is for a number of reasons. Principally, however, they are:

"Many good customers cannot pay for their apparel in 30 days. If they charge it on their regular accounts it will run 60 or 90 days to clear. This develops habitual 'on-account' payments with a resultant collection problem. With the 90-day budget we receive 20 per cent of the sale price at once—the customers receive three months' time to pay (which in the large majority of instances is exactly what they want and can handle).

"Several of the time-payment houses advertise terms of from three to ten months on clothing. We are not concerned with this fact as I believe our present plan will accommodate any of our particular class of customers."

A slow-pay customer sent the following note to his garage mechanic: "Please send car; if okeh, will send check."

The mechanic, however, was not doing business on such risky terms, so he wrote back, "Send check; if okeh, will send car."—*The Wheel.*

Your Washington News Bulletin

By R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association
Colorado Building, Washington, D. C.

FOREWORD

IT WOULD seem that the rehabilitated farm program to be substituted for the A. A. A., knocked out by the Supreme Court Hoosac Mills case, will require passage by Congress of some sort of a new revenue-raising measure. The taxes may be called excise on certain processed articles, as has been suggested, some forms of income tax increase, or a combination of the two, but additional revenue will almost certainly have to be raised from some source. For this reason, Washington is discussing the probabilities of a new revenue bill at this session, though the excise taxes mentioned might be incorporated in the new farm program bill.

LEGISLATIVE

Congress and the Supreme Court

Two distinct trends are visible in January bills introduced in Congress, namely: one, bills proposing constitutional amendments to vest exclusive power in Congress over such matters as commerce and agriculture, increasing the Supreme Court from its present number of nine to fifteen justices and curtailing the power of inferior United States Courts to render unconstitutional laws of Congress; and, two, reducing interest on HOLC, FHA and RFC loans, the latter of a certain character.

Bankruptcy

Representative Chandler, who has been designated Chairman of the subcommittee on bankruptcy of the House Judiciary Committee, introduced on January 20, at the request of a group of organizations interested in bankruptcy revision, *H. R. 10382,* a general bankruptcy revision bill. Of special interest to retailers is the provision revising *Section 12* of the present Bankruptcy Act. The first section of the provision provides for arrangements by debtors, the latter including retail sole traders, farmers, and individuals.

The second section of the provision deals with corporate reorganization. If a general bankruptcy revision bill should be enacted at this session, the small debtor class will undoubtedly be taken care of in some form but delays have been encountered in bringing about a revision of the Chandler bill to meet objections raised and these delays may prove embarrassing.

Postal Rates

At a recent meeting of the subcommittee of the House Appropriations Committee representatives of the Post Office Department appeared and opposed extending the present 2c rate on local delivery to all deliveries, explaining that the local delivery decrease had cost a shrinkage in revenues of around seventeen million annually and that extension of the decrease to a universal 2c rate would cause a decrease of seventy-five to one hundred million.

We are meeting with some success, however, in interesting other organizations in a plan to have a broader and more thorough investigation made of what the probable effect would be on postal revenues by adoption of a universal 2c rate. It is said in some quarters that a large part of such deficit would be overcome by an enormous increase in use of second-class mail by direct mail advertisers.

DEPARTMENTAL

Retail Credit Survey

In scanning the monthly release of the Department of Commerce of department store collection percentages for the past year, as compared with 1934, it is encouraging to note the steady increase in collections over the period mentioned. Each month of 1935 registered a definite increase over the corresponding period of 1934 in payments on open credit accounts. The month of November, 1935, for example, was the highest for the year and registered contra-seasonal increase from October, 1935.

Schedules for the annual study of credit conditions were mailed by the Department of Commerce commencing January 2, and all addressees should have received their copies of the schedules by February 1. The final tabulations on this study should be nearing completion around March 1.

FHA Collections

While FHA debt losses on credit modernization insurance are expected to be low, it is understood that defaults have already occurred in a thousand or so of such insured loans and that an adequate collection method to salvage these loans is presenting a problem for FHA. FHA, it is said, is using finance companies, commercial lawyers, and its own staff in such salvaging work but so far as is known none of these cases has yet proceeded to the point of suit. The last Banking Act gave FHA the power to sue and be sued with the conduct of such suits in charge of the Department of Justice and if such suits are ordered, it will be in pursuance of this power.

COURT DECISIONS

As was explained in the July, 1935, issue of The CREDIT WORLD, the Schechter decision of the Supreme Court held that "The interstate commerce clause of the Constitution includes only intrastate transactions directly affecting interstate commerce." We have now, in the recent Hoosac Mills case, another history-making decision, this time holding that under the general welfare clause of the Constitution, Congress cannot appropriate money except for national purposes. Control of agricultural production was held by the court to be "local" and not "national" but—as an administration farm program in substitution for AAA is in the making and two national leaders of the opposition have made public their farm program plans—it would seem that the definition of agriculture as local rather than national is not concurred in by a number of nationally known figures.

The C. C. A., 2d. Cir. (N. Y.), in a recent decision *in re Adler,* holds that where a creditor objects to a dis-

charge upon the grounds that the bankrupt has concealed assets and there are reasonable grounds for making such allegations, the burden of proof is then passed to the bankrupt to show that he did not conceal assets before he can obtain his discharge. The bankrupt testified she had borrowed money "because of her desperate financial condition" and had given a note for $900 to repay this loan. This note ultimately resulted in a garnishment of the bankrupt's salary. The master, however, found, and the court agreed with him, that it would be "unreasonable to suppose that a woman should need to borrow small sums of money in order to buy food when she was receiving a salary of $500 per month, with a bank account showing a comfortable balance and when the collateral upon which she had obtained her bank loan showed a fair margin above the amount of the loan."—*79 Fed. (2d) 11-p. 840.*

Positions Wanted

Credit and Collection Man—College education, 29, with ten years' credit background and experience, is looking for connection with reliable concern. Well versed in all phases installment, department store, and finance company credit and collection procedure. Capable office manager, complaint adjuster, skip tracer, or assistant to busy executive. Salary of secondary importance. *Address, Box 21,* The Credit World.

Credit Manager—Experienced accountant and department store manager, employed, desires change. Prefer West or Central States. Age 39, married; wholesale and department store experience—for past 8 years in same department store. References gladly furnished. *Address, Box 22,* The Credit World.

Membership Blank

National Retail Credit Association
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose $5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name...

Title...

Firm...

Address...

City .... **State** ....

Recommended By...

The Importance of Liberalized Credit . .

(*Continued from page* 12.)

The new situation is a real challenge to the credit executive. It presents a serious and difficult problem which if handled on the *facts of the case* rather than on prevailing practices will give *new sound business.* If it is met in *any other way,* it will result in unsatisfactory and costly experiences for many retail stores. It will decrease the volume of cash sales; it will lead to unreasonable demands for returns and adjustments; and finally, during peak shopping seasons, it will create a condition of overbuying which will inevitably be followed by periods of declining new purchases.

Frankly, I believe our new credit policies should be *thoroughly studied* and their effect on retail distribution *well weighed.* They are only in their *experimental stage,* and we cannot judge them *fairly* on the basis of *past experience.* Nor can anyone, *as yet, accurately* forecast their entire *effect* on business.

The New "Gold" Membership Sign . . Our Most Popular Insignia

For the use of National members, we have developed a new National Membership Sign. Printed in deep purple, on heavy-weight gold cardboard, it makes an attractive, attention-getting emblem—worthy of a place in any credit office. Actual size, 6 inches wide by 7 inches deep—punched for hanging, if desired.

Prices: One, 15 cents; two, 25 cents; five, 50 cents. Special prices to local associations in lots of 100 or more

—with the name of the local association (instead of the National's) imprinted. Write for prices: National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.

"They Reduce the Cost of Collections

and the Number of Past Due Accounts"

—H. C. Stroupe, Credit Manager,
Memphis Power & Light Co., Memphis, Tenn.

(See article in January issue.)

1. The "Standard" Series

Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, $2.00; 1,000 assorted, $2.50. Small lots—less than 1,000 assorted—50 cents per 100.

2. The "Gold" Series

An outstanding series—rich and dignified looking: Printed in royal blue, on special gold paper. Five in series (shown on lower half of this page). Actual size, 1¾" x 2". (Dotted lines are not part of stickers but are only "size indicators.")

PRICE, $3.00 PER THOUSAND

Note: Stickers in both series are now printed in Canada and shipped from Canada for use of Canadian members—at prices shown here.

Order Either Series from Your Credit Bureau or—National Retail Credit Association, 1218 Olive St., St. Louis.

P. S. Below: New "Gold" Emblem Sticker. $1.50 per 1,000.